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NEWS SUMMARY

GENERAL
Labour backs import controls
The Labour Party has decided to back import controls to help reverse the decline of the British industry.

The policy statement to this effect has been drawn up by the Labour-TUC liaison committee.

Opposition leader Mr. Callaghan said that defensive trade measures should be negotiated with EEC and other countries, but if this failed, he did not rule out unilateral action. **Back Page**

London shake-up
Greater London Council leader Sir Horace Cutler announced major changes in moves aimed to cure the capital's transport problems.

London Transport chairman Sir Kenneth Baker is to go, and a replacement sought. Dr. Tony Kidley, former head of the Hong Kong Mass Transit Railway, is to manage the London Tube. Bus fares will go up an average 16 per cent on September 21, and Tube fares 11 per cent.

Journalists held
Five South Korean journalists working for overseas groups have been detained. In Tehran, two television reporters, a Dane and a Turk, were moved to Evin Prison, and three arrested journalists working for British TV were released — with apologies.

Twenty more Army officers were executed for their part in the attempted coup.

Statement sought
Belfast MP Gerry Fitt sought a statement on the shooting in the night of 16-year-old Michael McCann, near whose body was found a brush and paint.

Israel inquiry
Israel's Interior Minister ordered a commission of inquiry after the death of a second Palestinian hunger-striker who had been force-fed.

Revolt over
The two-month rebellion on the New Hebrides island, Espiritu Santo, ended when 200 British soldiers and French paratroopers landed unopposed.

Walkers out
Seven 20km walk competitors were disqualified for "lifting" in the Moscow Olympics, including two who were far ahead, looking assured of the gold and silver. British woman javelin hope Tessa Sanderson failed to qualify for the finals, throwing 20 metres below her best. World record runners Seb Coe and Steve Ovett won their 800m heats.

Britain's 4 x 100 metres men's medley swim team won bronze medals, behind Australia and USSR.

Boycott back
England reached 235 for three in the first day of the Fourth Test at The Oval. Geoff Boycott returned after needing 20 stitches in a head wound to score 39 not out.

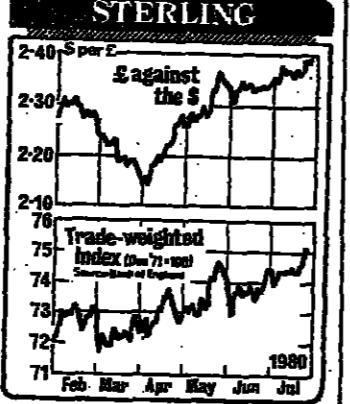
Briefly
Actor Peter Sellers died, following his Tuesday heart attack. He died and more than 30 were injured when a London-Birmingham coach overturned near Morpeth.

Scalder David Bickell was awarded \$60,000 damages for lead injuries suffered in a fall.

Former British boxing champion Vic Anderson was asked for three years for stabbing a man he chased from his restaurant.

BUSINESS
Sterling at 5-year peak; \$10 gold rise

STERLING advanced on unchanged UK interest rates and their further decline in the U.S. The pound closed at \$2.3965, up 1.17 cents from Wednesday's



\$2.3948 at its highest level since March 1975. Its index rose to 75.2 (75.0), also a five-year high. DOLLAR eased to DM 1.7350 (DM 1.7400) and SwFr 1.5940 (SwFr 1.6000). Its index fell to 83.1 (83.4). **Page 26**

GILTS turned easier after the announcement of unchanged Minimum Lending Rate. Profit-taking and speculation that some discount houses were overbought depressed sentiment.

while shares slipped to overnight levels. The FT 100 rose 0.25 to 72.24. **Page 30**

EQUITIES were dull except for one possible takeover. The FT 30-share index closed 1.0 higher at 487.9. **Page 30**

WALL STREET was 3.92 lower at \$24.66 shortly before the close. **Page 27**

IRAN last month transported nearly \$250m-worth of gold to Tehran from the UK raising its transfers this year to about 30 tonnes. **Back Page**

JAPANESE imported cars have captured 9 per cent of the West German market in the first six months of 1980 against 4.9 per cent in the same 1979 period. **Page 5**

ECONOMIST Brian Reading of stockbrokers Bone Fitzgerald and Co. forecasts a slump as bad as 1929-32 in the next two years with unemployment around 3m and large industrial areas laid waste. **Page 7**

NATIONAL WESTMINSTER Bank has launched a house mortgage scheme offering loans from £20,000 to £40,000. **Page 6**

EL will receive a further tranche of the remaining £75m allocated by the Government for 1980-81 next week. **Back Page**

STOCK EXCHANGE is to draw Government attention to "irregularities in management" last year by Mooloya Investments, which was wound up in April.

THE SYSTEM of cash limits on civil servants' pay contains major loopholes, a Commons Select Committee on the Treasury reports.

INDUSTRIAL civil servants are on the point of accepting a wage increase offer worth 16.5 per cent. **Page 10**

DAVY CORPORATION pre-tax profits for the year to March 31 fell to £15.94m against a previous £26.13m. **Page 18**

CHARTERHOUSE GROUP will raise at least £26.65m through the offer for sale of its majority stake of 41m shares in Charterhouse Petroleum, the North Sea oil company. **Page 19**

AECI, South Africa's largest chemicals group, reports a 69.2 per cent rise in pre-tax profits for the half-year ended June 30 to £85.3m. (£46.5m) from £50.4m. **Page 24**

Thorn EMI to link with Sharp in business venture

BY GUY DE JONQUIERES

Thorn EMI is to collaborate with Sharp, a major Japanese producer of consumer electronic and electrical goods, in a joint programme for development, manufacturing and distribution.

The arrangement, announced yesterday, is the latest in a series of recent link-ups between Thorn EMI and leading Japanese manufacturers. Earlier this year it agreed to promote in Europe the video disc home entertainment system developed by Victor Company of Japan (JVC).

It is involved with JVC, Matsushita Electrical of Japan and General Electric of the U.S. in plans to sell the system on the American market and also has a joint record-pressing venture with Toshiba in Japan.

Other British companies which have joined forces with Japanese concerns in the consumer electronics field include the General Electric Company (GEC) and Rank, which have set up joint ventures to make televisions in the UK with Hitachi and Toshiba respectively.

The latest agreements are potentially the most far-reaching of any concluded to date. They provide for the exchange of technology and licences between Thorn-EMI and Sharp, and for close co-operation between their laboratories on a research and development programme.

Thorn's Domestic Appliances Division and Sharp have also agreed on reciprocal trading arrangements. From November, Thorn's Kenwood division will ship food preparation products to be sold in Japan by Sharp under its own name.

Thorn plans to manufacture at its factory at Spennymoor, Durham, microwave ovens using Sharp's technology. Production is due to begin in the middle of next year, but initially Thorn will market ovens made by Sharp in Japan.

Mr Peter Laister, managing director of Thorn EMI, said yesterday that the agreements were designed to produce a genuine two-way exchange and could lead to investment by the two companies in each other's operations or in new joint ventures.

"We think that we have increased the chances of British technology being used abroad and have increased the chances of getting early access to the most advanced technology available on world markets," he said.

The two companies had not yet decided on any firm projects for co-operation in research and development but their product lines were broadly compatible.

Sharp, based in Osaka, was reported to have expressed the hope that the agreements would soothe the concern in Europe about rapidly rising imports of Japanese electronic products.

Sharp's annual sales of £760m are less than half of Thorn EMI's turnover. Almost half its production is exported, an unusually high proportion even by the standards of Japanese electronics manufacturers.

About one-third of its sales are accounted for by home appliances, a further one-third by industrial instruments and electronic components and the remainder by televisions, video equipment and audio products.

Sharp is a leading manufacturer of electronic calculators, and its success in applying micro-chip technology to consumer products is believed to be of particular interest to Thorn EMI.

Thorn EMI's sales are £1,170m in the previous six months. The sharp increase may, to some extent, reflect a one-off adjustment as British institutions alter the balance of their portfolios and increase the proportion invested overseas.

The contrast between the scale of purchases of equities in the UK and those overseas may also reflect the relative attractiveness of the respective stock markets at a time when the profits of UK industry are being tightly squeezed.

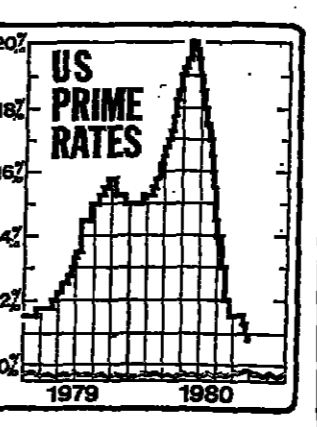
A build-up in the overseas portfolios of British investors is one of the intended results of the end of exchange controls. This is in order to provide the UK with an income-producing asset once North Sea oil revenue declines.

The increase in purchases of shares overseas can be expected to be controversial in view of the arguments advanced by the Labour Party and the TUC that the City has been neglecting industry and that the end of exchange controls is resulting in a diversion of finance overseas.

The latest figures also highlight the steadily rising inflow of savings into life assurance companies and pension funds. This totalled £2,485bn in the first three months of this year, an increase of 3.8 per cent on the level of the previous quarter.

The Government again managed to attract the bulk of this money as purchases of gilt-edged stocks of £1,088bn accounted for nearly 44 per cent of the inflow to these institutions. This compares with an average gilts proportion of 49 per cent last year, although the share varies from quarter to quarter.

Consumer spending likely to stagnate. **Page 6**



U.S. prime down to 10.75%

By David Lascelles in New York

CHEMICAL BANK and Chase Manhattan of New York yesterday led the way to a U.S. prime lending rate of 10.75 per cent just as many other banks were catching up with an earlier move to 11 per cent.

The prime cut produced a renewed bout of pressure on the dollar in the foreign exchanges. At noon in New York it was trading at DM 1.7345, down from DM 1.7380 at the previous day's close. Sterling strengthened to \$2.3970 in New York from \$2.3850.

The fall in the prime rate, which comes when many economists are uncertain about the prospects for continuing the downward drift of U.S. interest rates, was said to be the main influence in busy foreign exchange dealing.

In the credit markets, by contrast, trading was very slow. The market which has been responding with sharp but brief movements to each intervention by the Federal Reserve, appeared to be languishing while awaiting another such signal.

The Fed, however, simply says its credit policy has not changed and the market is being unduly sensitive to the central bank's activities.

An underlying influence is the note of alarm raised on Wednesday by June's slight increase in the monthly rate of consumer price inflation.

Inflation, which might yet be influenced this year by a tax cut, could also be on the minds of foreign exchange traders.

There is additional anxiety about the pressures expected from continued heavy demand for long-term financing in the months ahead by U.S. industry.

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Sasse rescue agreed by Lloyd's

BY JOHN MOORE

A RARE market rescue is to be carried out in Lloyd's of London, the insurance market, to help the 110 members of the troubled Sasse underwriting syndicate to meet losses of £21.5m.

A meeting of about 700 underwriting agents, who look after the affairs of the 18,552 private individuals of Lloyd's, and underwriters were told by Mr. Peter Green, Lloyd's chairman, that certain "grave irregularities took place" in 1976 in the handling and accounting of one insurance contract which was placed with the Sasse syndicate.

He said that the irregularities were clear to him and "beyond reasonable doubt." He added that these irregularities were "the subject of separate inquiries by the police." But Lloyd's has admitted no liability.

The rescue is the first mounted at Lloyd's since the 1950s, and the largest of its type ever arranged. Under Lloyd's accepted market principles, every member is liable to the full extent of his wealth to meet insurance losses.

In this instance, however, the underwriting liabilities of most of the Sasse syndicate are to be limited. It is believed that Lloyd's may not offer the rescue plan to Mr. Frederick Sasse, the leading underwriter on the syndicate, and other members of the syndicate closely involved in the placing of the controversial insurance account.

Under the proposed settlement the losses of the members for the 1976 underwriting year are to be limited to £6.25m, while all losses on the 1977 underwriting account are to be met by the market. In all, £15.25m of the known Sasse losses will be borne by the market.

So far the plan has gained the support of the market. The rescue will mean that legal action between the Sasse members and Lloyd's will be settled out of court, at a saving of about £3m in legal costs.

Police inquiries by the City of London Fraud Squad, in progress since 1978, have centred on a portfolio of fire insurance business which was channelled to the syndicate by a U.S. company called Den-Har Underwriters.

This business eventually led to losses of \$16m for the Sasse members. The losses arose on mainly low-quality fire insurance in the New York and New Jersey areas.

It is expected that a premium payment will be allocated to the rescuers out of the 1981 contributions, made by all members each year, to the Central Fund, a fund of last resort designed for protection of the policyholder, to arrange the guarantee policy.

Over 400 underwriting syndicates, the bodies into which all the members of Lloyd's are grouped, will be expected to participate in underwriting a guarantee policy spreading the £15.25m balance of the Sasse syndicate's losses throughout the market.

Mr. Green said yesterday that because of the irregularities and other matters which have emerged in the course of litigation the 16-strong ruling committee of Lloyd's "is prepared to accept that a negotiated settlement between the parties concerned would be in the interests of all involved."

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UK institutional investors favour overseas industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH financial institutions have been investing more money in the shares of overseas companies than in UK equities since the end of exchange controls last year.

Central Statistical Office figures published yesterday show that institutions, including pension funds, insurance companies and unit trusts, bought £500m worth of overseas company securities in the first three months of this year. This compares with net purchases of UK company securities of £298m in the same period.

Buying of overseas shares has been rising steadily since the exchange controls were removed on investments inside the EEC in July, 1979, and then abolished altogether last October.

Purchases of overseas company securities can be expected to be controversial in view of the arguments advanced by the Labour Party and the TUC that the City has been neglecting industry and that the end of exchange controls is resulting in a diversion of finance overseas.

The latest figures also highlight the steadily rising inflow of savings into life assurance companies and pension funds. This totalled £2,485bn in the first three months of this year, an increase of 3.8 per cent on the level of the previous quarter.

The Government again managed to attract the bulk of this money as purchases of gilt-edged stocks of £1,088bn accounted for nearly 44 per cent of the inflow to these institutions. This compares with an average gilts proportion of 49 per cent last year, although the share varies from quarter to quarter.

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EUROPEAN NEWS

OVERSEAS NEWS

EEC seeks forum for energy cooperation

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Community is expected to urge the creation of a new international forum for energy development in the Third World when the North-South dialogue enters a new phase at a special United Nations Assembly next month.

The Nine have already agreed to try to present a common position at the Assembly starting in New York on August 25. This will prepare the agenda and procedures for a new round of global negotiations between the industrialised and non-industrialised nations

which has been demanded by the Group of 77.

However, the EEC has not yet managed to develop a detailed position on the negotiations which are expected to embrace pricing and supply of raw materials, energy, commerce, development, food production and monetary and financial problems.

The basis of discussion among the Nine over the next few weeks is expected to be a paper just produced by the Commission which is likely to be judged too conservative by many Third

World countries.

Among other things, it reflects the industrialised world's preoccupation with energy questions and its disappointment that, among the oil producers, only Venezuela and Algeria have shown much interest in the preparations for the coming negotiations.

It suggests that a "satisfactory outcome" for the EEC would be the creation of a forum for international co-operation on energy questions which would enable, among other things, OPEC and the in-

dustrialised countries to mount joint efforts to encourage energy developments in the Third World.

A more ambitious aim which may be worth pursuing, the paper suggests, would be the inclusion of OPEC in an international co-operation effort designed to achieve orderly progress to a world economy less dependent on oil and less vulnerable to generalised recessions and fuel shortages.

The Commission suggests that the EEC try to make sure that, when it defines the negotiating

agenda and procedures, the UN Assembly specifically includes discussion on energy pricing and its predictability.

It is clear from guidelines adopted by EEC Foreign Ministers earlier this week that the Community will seek to block any developments in the negotiations which cut across the competence and independence of established international agencies, particularly the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade.

Community urged to join sugar agreement

BY OUR BRUSSELS CORRESPONDENT

EEC GOVERNMENTS are to be urged by the European Commission to end the Community's "rogue" status as a major world sugar producer by negotiating membership of the International Sugar Agreement.

The Commission's recommendation should be seen against the background of the Nine's failure earlier this year to agree on measures to reduce their sugar mountain and their subsequent commitment to make a fresh attempt in the autumn aimed at bringing in a new regime by November 1.

By seeking a negotiating mandate on the ISA, the Commission is in effect reminding member states of the need for reduced internal production which might then allow the Community to become a more "responsible" world producer.

The ISA last renegotiated by other leading sugar countries in 1977, is an attempt to stabilise world prices by fixing export quotas in times of oversupply. The last time it sought membership in 1976, the EEC

could not obtain an acceptable quota. Since then, its growing sugar mountain has forced it to subsidise exports at a galloping rate which last year consumed membership, in 1976, the EEC total farm budget.

This has angered other sugar producers, notably Australia, which have long complained about the upsetting effects on world prices of cheap EEC sugar capturing about 15 per cent of the world market.

Export quotas

Commission officials deny there is any link between the latest decision to seek a mandate on the ISA and the visit to Australia early last week of Mr. Finn Olav Gundelach, the Agriculture Commissioner.

However, he is unlikely to get the go-ahead until an agreement on new internal production levels is reached since the Nine will want to know the future dimensions of their surplus before considering possible export quotas.

The Commission will argue that ISA membership on reasonable terms could help the Community achieve some of the vital budget economies it needs if its "own resources" are not to be exhausted next year.

Among other things, the EEC could help stabilise world prices at a level which could reduce the costs of export subsidies, says the Commission. It also points out that the significant increase in world prices this year provides a favourable environment in which to try to negotiate membership.

● The Commission has also made another recommendation to the Council of Ministers dear to Australian hearts which concerns the quota on beef imports into the Community. It wants a review of a decision taken earlier this year to limit imports of frozen beef from third countries to 50,000 tonnes.

Australia has complained bitterly that the Nine did not follow the Commission's recommendation to fix the quota at

Mr. Gundelach: visit to Australia

60,000 tonnes, arguing that this was another case of the EEC ignoring the interest of third country producers.

Greece moves towards free drachma

By Our Athens Correspondent

GREECE WILL take its first steps towards freeing the drachma next month. On August 27 a managed inter-bank market for the drachma is to begin operations on a dummy basis. Around the middle of October it will be phased in to replace the present system under which the Bank of Greece each day fixes the value of the drachma against the currencies of Greece's main trading partners.

The plan was described yesterday by Professor Xenophon Zolotas, Governor of the Bank of Greece. He said that it was due to be announced today by the Government.

Under its treaty of accession to the EEC, Greece is committed to replacing its system of fixing the drachma by the time it enters the Community on January 1. It is also required to make the drachma convertible for most transactions by the end of 1985.

Bundesbank moves to ease tight liquidity

By Kevin Done in Frankfurt

THE BUNDESBANK, the West German Central Bank, will take temporary action on Monday to ease the banks' liquidity problems, but it is still resisting pressure to make any fundamental changes to its tight monetary policy.

The expectation that the Bundesbank Central Bank Council would lower the key discount and Lombard interest rates at yesterday's meeting—the last before the summer pause—has fuelled a sharp rise in share prices over the last two weeks.

On Tuesday the Frankfurt stock exchange index reached a new high for the year, but the markets' hopes were not fulfilled yesterday and the Bundesbank is clearly determined to leave interest rates at their present levels at least until late August.

The fight against inflation remains its first priority and the Bank is clearly convinced that economic activity has still not weakened sufficiently to justify any lowering of interest rates.

Since May 2 the Lombard rate has stood at 9.5 per cent and the discount rate at 7.5 per cent, levels which have been equalled only once in the post-war period.

The Bundesbank said yesterday that on Monday it would start buying extra securities from the banks as a short-term means of pumping more liquidity into the system. The loans will be advanced to the banks at an annual interest rate of 9.5 per cent, which is well below the present Lombard rate, with a maturity of 25 days. The move is essential, since similar temporary measures introduced on July 9 are due to expire next week.

The next meeting of the Central Bank Council is on August 21 (before this new liquidity action expires) and the Bundesbank is then expected to take more fundamental action to loosen its credit policy by easing back interest rates.

By making liquidity available over 25 days and at a favourable interest rate, the Bundesbank is intending to reduce the amount of Lombard credit raised by the banks, which is currently running at the high level of around DM 700 bn. It is expected that Lombard credit should be reserved strictly for short-term liquidity shortages virtually on a daily basis.

With a General Election due in early October and strong signs that economic activity in the Federal Republic has started to slow down, Bundesbank monetary policy is coming under close political scrutiny.

Herr Hans Matthöfer, the Federal Finance Minister, said earlier this week that Bundesbank financial policy would have to be reviewed in detail before the end of the year. If the economy weakened considerably then counter-cyclical action would be necessary, he said, to safeguard full employment.

Spanish port lock-out

BARCELONA—Port companies in Barcelona and Alicante locked out employees yesterday in protest at a 10-day partial dock strike, union officials said. At least 20 other Spanish ports are affected by the strike which has paralysed six national companies.

The lock-out will not affect the loading and unloading of perishable goods, according to a spokesman for the companies. He added that the strike, over pay and conditions and plans for restructuring the ports, has cost them more than Pta 800 (\$47m).

Reuter

Jerusalem Bill may be speeded into law by next week

BY OUR TEL AVIV CORRESPONDENT

ISRAEL'S hotly-disputed Jerusalem Bill, which, when law, would enshrine its permanent hold over the city, looked yesterday like receiving an unexpected speed-up, as being enacted as early as next week.

Until now, it had been thought the measure would not squeeze through the parliamentary programme ahead of the Knesset's summer recess starting on August 1. This would have left the issue open until November.

But Mr. David Glas, chairman of the Knesset legal committee, said yesterday he now thought the Bill would be cleared through its remaining three stages by next Wednesday.

Mr. Glas plays a key part in determining the speed of Knesset legislation. Most experts feel that if his committee gives the go-ahead to the Jerusalem Bill, it could jump to the head of the Parliamentary queue.

Such an early enactment would enrage Egypt and seriously embarrass the U.S. The Bill would have virtually no practical effect on the everyday status of Jerusalem but its political and emotional significance would be enormous.

The Bill, introduced by Mrs. Golda Meir, a strong nationalist, simply states that the city is Israel's capital, that its pre-1967 division must never be restored and that the city shall forever be the seat of Israel's Government, Parliament and judiciary.

All this has been in practical effect for most of the past 13 years. But one result of the new measure could be to limit the scope of Israeli negotiations in any international discussion on Jerusalem.

President Anwar Sadat of Egypt suspended the negotiations on Palestinian autonomy

when the Bill first came out in May.

Our Cairo correspondent adds: Egypt is to press on with the Palestinian autonomy talks, despite the fact that the Knesset approved the first read-

President Sadat: Talks to go on

ing of the Jerusalem Bill on Wednesday.

Confirming that the talks would continue, General Kamal Hasan Ali, Foreign Minister, said after a Cabinet meeting in Alexandria yesterday that the Government was, nevertheless, reviewing the situation "with the utmost concern."

Despite a brave show of going through the motions, officials here are not optimistic about the talks, which have made virtually no progress on the key question of the nature of autonomy for the Palestinians, and are now running out of procedural ploys to give them the impression of movement.

Need for SAS 'will grow'

BY REGINALD DALE

THE need to rely on intervention by the Special Air Service will increase as Middle East disputes spread to London and other parts of the UK, Mr. Tony Geraghty, author of a new book on the SAS, warned in London yesterday.

After the blaze of publicity in which the SAS ended the Iranian Embassy siege earlier this year, its members knew that the next siege would be tougher, Mr. Geraghty said. Terrorists were becoming more literate, more sophisticated and more skilled in manipulating public opinion through the media.

Cases might arise in which the SAS would deem the use of force to be inadvisable. The SAS were not the super-

men they were sometimes imagined to be, Mr. Geraghty continued. The success of the Iranian Embassy operation was due to the thoroughness of its preparation. The men were aware that they were open to prosecution if they used excessive force.

Mr. Geraghty accepted that there was indeed a problem in balancing the need for force against subsequent accountability. Each case should be treated on its merits, but as terrorism grew, there would also have to be an evolution of the means by which democracy defended itself.

Who Dares Wins: The Story of the Special Air Service, Tony Geraghty, Arms and Armour Press, £8.95.

Syrian party leaders debate recent unrest

By Our Damascus Correspondent

SYRIA'S 75-man Central Committee of the ruling Ba'ath party, opened a meeting here yesterday, the centre of whose discussions is likely to be the security situation in the country.

Several months of unrest against the government including a reported attempt on the life of President Hafez Assad has been largely attributed to the fundamentalist Moslem Brethren sect. There have been reports of more than 30 executions and thousands of arrests. President Assad's brother, Rifaat, who heads the Special Forces, recently said that opponents of the regime were ever they were would be ruthlessly hunted down. On Monday, Mr. Salahuddin Bitar, a former prime minister, was assassinated in Paris outside the offices where he edited a journal

British naval chief in talks with Chinese

ADMIRAL Sir Henry Leach, Britain's Naval Chief of Staff, yesterday discussed with Chinese naval authorities possible co-operation between the two navies. British officials said in Peking, Reuter reports.

Libya agrees to nuclear safeguards

LIBYA HAS agreed to accept International Atomic Energy Agency (IAEA) safeguards on nuclear materials, the IAEA announced in Vienna yesterday. Simon Henderson reports. The agreement was in line with Libya's signing of the Nuclear Non-Proliferation Treaty in 1975 which requires countries to accept "full scope" safeguards as well as the more limited ones usually associated with individual contracts to supply nuclear technology.

Belgian Minister may quit

By Giles Merritt in Brussels

A POLITICALLY embarrassing row over Belgium's defence spending has been triggered by Mr. Charles Poswick, the country's new Defence Minister.

In what appears to be an open challenge to Mr. Wilfried Martens, the Belgian Prime Minister, Mr. Poswick has declared in the National Assembly that unless a 15 per cent increase in defence spending is allowed he would quit his post.

Since being appointed to the Defence Ministry two months ago, when Mr. Martens formed a new Government in the wake of a political crisis that almost unseated him, Mr. Poswick has not troubled to hide his anxiety over the country's cash-starved defence forces.

Last month he warned that if more senior officers resigned in protest against spending cuts he would consider quitting in sympathy. This time, however, Mr. Poswick appears to have thrown down a gauntlet that must either result in alteration of the Belgian Government's planned 2.2 per cent spending cuts, or in his own resignation.

Swedes expect orders to slow

By Westerly Christner in Stockholm

REDUCED DEMAND both at home and abroad is the main reason why Swedish industry can expect a continued downturn in orders for the second half of the year, according to a forecast by the country's Institute for Economic Research. Orders have already slowed during the first half in many important industries, including chemicals, engineering, heavy machinery and metalworking, the forecast added.

Polish politburo takes calm line

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLITBURO of Poland's ruling Communist party has decided to continue its conciliatory policies towards strikers and does not consider the situation critical enough to justify calling a special session of the full party central committee.

The possibility of a central committee meeting came up when the politburo met last Friday against the background of strikes in Lublin in eastern Poland which paralysed the town. The authorities warned at the time that the situation there "could cause concern to the country's friends"—meaning the Soviet Union.

Meanwhile, reports reached Warsaw yesterday of a strike in a glassworks in the small

town of Lubartow about 20 miles north of Lublin. There was also a stoppage at large railway repair yards in Ostrow and Wielkopolski in western Poland in support of a demand for a 20 per cent wage rise.

Other plants in this town of more than 60,000 inhabitants have won pay rises and promises of improved food supplies through strike action since last week.

An article in yesterday's Zycie Warszawy, a Warsaw daily newspaper, provides insight into the Government's present line following the politburo session. It says the present rash of stoppages is an "exotic phenomenon" in present-day Poland but admits for the first time in the country's Press that

stoppages have taken place previously.

"It is no secret that in past years there have been stoppages in Polish industry," it says and adds that they arose from local problems and misunderstandings. It implies that stoppages are nothing to become excited about, but the article says that they are not the only way of solving shop floor problems.

It does say that workers have the right, and even the duty, to "criticise factors which hold up production, control the way decisions are enforced by management, the way production plans are carried out, and the way wages and bonuses are paid."

Editorial Comment—Page 16

Poor outlook for Irish economy

By Stewart Dalby in Dublin

A GLOOMY if not entirely unexpected outlook for the Irish economy emerges from the central bank's latest quarterly bulletin. It expects inflation this year to reach 19 per cent and GNP growth to be virtually zero. The balance of payments deficit is put at £1700m (£835m).

Mainly because of a deterioration in the terms of trade, it says, there is unlikely to be a change in the level of economic activity this year compared with 1979.

The bank expressed particular concern both in its last annual report and the latest bulletin about the balance of payments deficit, which, because of rising oil prices, will be substantially unchanged from that of 1979. These levels are not sustainable. They are not covered by invisible earnings and mean that Ireland must either run down its slender reserves or borrow abroad if its currency, which has been independent from sterling for less than 18 months, is not to come under severe pressure.

Swiss bank attacks effect on gold of West's policies

BY JOHN WICKS IN ZURICH

THE GOLD price could rise sharply above \$850 an ounce "if the politics of Western countries continue along their present regrettable lines," according to the latest quarterly bulletin of Credit Suisse, one of the world's leading gold traders. The Zurich bank sees investment and hoarding demand for the metal as likely to total some 140 tonnes this year as part of total consumption of about 1,105 tonnes.

The bank and particularly Dr. Hans Mast, its economic adviser, have traditionally supported economic and monetary policies likely to stabilise or lower the gold price. The present level, though not considered excessive in terms of purchasing power, is seen as reflecting wide-scale international fear of inflation.

Dr. Mast, the author of the unusually outspoken article, yesterday commented on what the bank felt to be "regrettable" policies on the part of the West. Apart from insufficient measures to dampen

inflation, he drew attention to what he called exaggerated full-employment policies without regard to cost and to the failure to solve the dollar overhang problem within the monetary system.

At the same time, he pointed to the negative effects in the Middle East of freezing Iranian assets and of the "political and military weakness" of the West. The Credit Suisse expects world supply to fall by about a third this year due to a halving of Soviet sales (to an estimated 115 tonnes) and the cessation of offerings from Western monetary reserves.

Of the 1,105 tonnes expected to enter the market in 1980, the bank thinks some 689 tonnes could come from South African production and 291 tonnes from other Western sources.

On the demand side, the bulletin puts industrial consumption for the year at about 755 tonnes, of which 550 tonnes would be accounted for by jewellery use. Coins and medals are expected to take some 210 tonnes of gold.

Bungles over pilots' strike rock Portuguese Cabinet

BY JIMMY BURNS IN LISBON

WHEN THE STRIKE by Air Portugal pilots took a turn for the worse earlier this month, Sr. Eusebio de Carvalho the country's Minister for Labour took time off from a seemingly endless round of deadlocked negotiations and headed public statements and sat down to a leisurely three course dinner at the invitation of the American Club of Lisbon.

The hundreds of businessmen formally invited to the occasion, and the few journalists who had managed to be present, shared a common hope: that Sr. Carvalho would use the occasion to clarify the Government's position on what was fast becoming the most complex and potentially damaging labour dispute in Portugal since the revolution in 1974.

Businessmen and journalists were disappointed. Not only did Sr. Carvalho restrict his comments on the strike to a few vagaries but he also took up the bulk of a lengthy address with a prepared academic analysis ranging over such diverse topics as "American humour," "the honesty of the Portuguese Government," and

"human elements" in the history of the Portuguese economy. The exercise in empty rhetoric, reminiscent of Government statements during the Salazarist regime, which spanned 36 years from 1932 to 1968, left a number of those present baffled if not angry. It occasioned a spontaneous walk-out.

The incident was at least symptomatic of the tactlessness with which key Government Ministers acted throughout the three week strike, which ended on July 14.

Bungling was evident from the very outset of the dispute. It made a contrast to the image of cohesion and efficiency projected by the Democratic Alliance since it took office last January.

The strike was sparked off by Sr. Jose Viana Baptista, the Transport Minister, when he decided to challenge an agreement on pay and working conditions reached last December by the management and pilots of Air Portugal.

In purely economic terms, the Minister's argument that a generous scheme of tax exemptions and salary increases for

PM'S PLEDGE ON SECOND TERM

THE PORTUGUESE Prime Minister, Sr. Francisco Sa Carneiro, has again declared that he will not lead a second government under President Antonio Ramalho Eanes if the latter is re-elected head of state in this year's presidential election, Reuter reports from Lisbon. He told a rally in Lisbon of the ruling right-wing Democratic Alliance that it was impossible for the coalition to reach any political agreement with General Eanes, who has

dropped clear hints that he intends to stand.

The Prime Minister called on voters to give the Democratic Alliance an absolute victory in next October's general election. He told a crowd of several thousand banner-waving supporters that it was necessary for the Alliance's own presidential candidate, General Antonio Soares Carneiro, to be elected so that the Government could carry out a programme of radical legislative reform.

the pilots was incompatible with a policy of financial recovery for the heavily indebted airline, was consistent with the Government's cautious attempt to restrain public sector spending.

Politically, Sr. Baptista's initiative was dangerously controversial. The pilots were quick to stress that the Government was not only breaking an agreement, but that this agree-

ment had been reached with Sr. Alvaro Barreto, the present Minister for Industry, who last December was chairman of Air Portugal.

The Government was clearly caught in a quandary. To cede too readily would give an impression of weakness, and run the risk of unleashing a series of similar demands by other sectors. Equally, a firm stand ran the risk of destroying

ministerial consensus, possibly leading to a period of instability greatly detrimental to the efficiency of Government.

The Government could have manoeuvred towards the middle ground. Instead, hardline Ministers retained the initiative and decided to confront the pilots head on. They resorted to dramatic threats.

As the strike entered its second week, Sr. Francisco Balsemao, the personal aide to the Prime Minister declared that the Government was considering closing down Air Portugal unless the pilots agreed to end the strike. This was quickly followed by a Cabinet classification of Air Portugal as a company "in economic crisis."

According to Portuguese law this is equivalent to virtual bankruptcy and gives management theoretical powers to freeze salaries, increase working hours, and trim the labour force.

While none of these measures were immediately put into practice, the Government made some eccentric decisions which implied it had been misled by its own propaganda. Reports in

pro-Government newspapers claimed the unity and spirit of the pilots had begun to crumble, and that the majority were in disagreement with their union.

With great ostentation Sr. Baptista announced that he had sent individual letters to each of the 350 pilots asking them to attend a meeting at the Ministry within 24 hours if they disagreed with union policy.

Not one pilot turned up for the meeting, and the 350 letters were unceremoniously dumped one by one at union headquarters, causing considerable government embarrassment.

A final twist came when President Antonio Ramalho Eanes took the unprecedented step of intervening in a labour dispute, a clear indication that he had lost faith in the Government's control over events.

Sr. de Carvalho (left): exercise in empty rhetoric. President Eanes (right): unprecedented intervention

either to impose a civil requisition on the pilots or temporarily close the company.

In contrast to negotiations throughout the dispute, the meeting between President Eanes and the pilots is supposed to have taken place in an atmosphere of compromise and cordiality. The pilots, who three weeks earlier had declared that they had helped to

vote the present Democratic Alliance into office in last December's General Election, emerged heaping praises on the "conciliatory attitude" struck by the Government's most

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China angry at Soviet activity in Vietnam

By TONY WALKER IN PEKING

CHINA has protested at what it claims is a sharply stepped-up Soviet naval and air presence in Vietnam. The Chinese say there has been increased reconnaissance over wide areas of the South China Sea and up China's south-east coast. The Chinese claims are backed up by military specialists here, who say they correspond with Western intelligence reports.

The protest, carried by Xinhua, the official Chinese news agency, comes less than a month after a senior U.S. official visited Peking raised the possibility of increased Soviet activity in and around Vietnam.

Mr. Richard Holbrooke, U.S. Assistant Secretary of State, is said to have conveyed American concern about Soviet use of Vietnam as a base for operations in the South China Sea.

China claims that Soviet ships and aircraft have trespassed on its territory on a number of occasions. These complaints relate to movement around the Paracel Islands in the South China Sea, which are part of a disputed claim by Peking and Hanoi.

According to Xinhua, increased Soviet military activity in the region dates from a visit to Vietnam late last year by Admiral Sergei Gorshkov, Commander-in-Chief of the Soviet Navy.

The news agency quoted Western reports that as many as 20 Soviet vessels at any one time had anchored in Vietnamese ports this year. China claims that Vietnam-based Soviet submarines and hydrological investigation ships have been active in the South China Sea.

Early this week, the Chinese warned Vietnam and the Soviet Union not to proceed with oil exploration in areas of the South China Sea which it claims as its own territory. The Chinese warning mentioned the Paracel Islands.

China alleges the Soviet Union "sent warships to carry out reconnaissance missions at Beibu Gulf and in coastal areas off the outlet of the Pearl River" (near Canton).

"Vietnam-based Soviet military aircraft are hovering over the South China Sea and nearby areas more frequently than before," the despatch said. "TU-95 long-range reconnaissance planes and TU-14 anti-submarine planes often took off from Da Nang and flew over these areas."

The Chinese claim Soviet ships and aircraft, operating from Vietnam, are keeping watch over American installations in the Philippines.

20 more 'plotters' executed in Iran

By Patrick Cockburn in Tehran

TWENTY more military officers were executed in Iran yesterday for their part in the "military conspiracy" against Ayatollah Khomeini's régime earlier in the month.

At least five of those executed were Air Force pilots and their deaths brought the total number of alleged conspirators shot to 25. More trials are planned.

In Tehran, tortuous manoeuvres continue over the selection of a new Prime Minister and Cabinet. Mr. Jalaluddin Farsli, selected by the clergy-dominated Islamic Republican Party—as their candidate, appears to have ruled himself out of the running.

In an interview published yesterday, he said his opinions differ too radically from those of Iranian President Abol Hassan Bani-Sadr for co-operation between the two to be possible. Nevertheless, his selection by the IRP shows that in the long term, the party has little desire, and sees no need, to share power with the President.

Attention is now focusing on Mr. Mostapha Mir-Salim, the Deputy Interior Minister, who has had meetings with Ayatollah Khomeini and the President. Asked if he thought he would be nominated as Premier, Mr. Mir-Salim said: "Everything is possible."

According to the evening newspaper, Keyhan, his selection is now definite, but it is unclear how far he has secured the complete backing of the Islamic Republican Party.

If he is nominated, political commentators in Tehran believe his appointment will only be a stop-gap, and that the IRP ultimately wishes to secure the post of Premier for Mr. Farsli, a hard-line member of their central committee and their candidate for the Presidency in the January elections.

Whoever is nominated, President Bani-Sadr appears to have lost his long-running battle to secure a Premier and Cabinet sympathetic to his ideals.

Rivalries wrack Zimbabwe military integration

By OUR SALISBURY CORRESPONDENT

GETTING TOGETHER the former foes of Rhodesia's guerrilla war was one problem. But getting together the two guerrilla armies of Zimbabwe is proving an almost greater difficulty.

The surprise announcement that Gen. Peter Walls was retiring early from his post as commander of the joint command showed just how problematic was his job of welding together three armies: the former white-led Rhodesia forces and the guerrilla armies of Prime Minister Robert Mugabe and Mr. Joshua Nkomo, now home affairs Minister.

It was hard to accept the General's statement that he was leaving because the integration process was going so well. Only the previous day the Government announced that a nine-man Cabinet committee would investigate the slow progress made in integrating the three military forces.

Earlier this year, the Prime Minister said he wanted the integration exercise completed by the end of this year, but to date only 1,200 of the 32,500 guerrillas have been processed. The real problem now is finding a successor to General Walls. Mr. Mugabe faces a delicate and essentially "no win" choice because of the growing animosity between his army and Nkomo's forces.

Of the 32,500 guerrillas still in the assembly camps about two-thirds are Zanla men, loyal to Mr. Mugabe and the balance ZIPRA men who support Mr. Nkomo. Military officials say, however, that in the military training programme being

carried out by British army personnel along with guerrilla commanders and instructors from the former Rhodesia army, Mr. Nkomo's men are showing up far better than Mr. Mugabe's thereby adding further to the Prime Minister's problems.

The point is that Mr. Mugabe's ZANU-PF party is understandably anxious that the composition of the new national army of Zimbabwe should reflect his party's dominant position in government. Yet if promotion and selection were done on merit alone, there would almost certainly be a majority of Nkomo men and commanders, military officials say.

The Walls resignation has added to the pressures on the Prime Minister since the logical choice for the top post is Commander Rex Ngonzo, military chief of his ZANLA forces. But his appointment at this stage would create a very serious situation between the two political and military groups whose relations are already seriously strained by the Cabinet level rows between Mr. Nkomo on the one side and Senator Enos Nkala and Mr. Edgar Tekere—two senior Mugabe Cabinet Ministers—on the other.

It is inconceivable that Mr. Mugabe would appoint either of Mr. Nkomo's two top military men—Mr. Lookout Masuku, the nominal commander of ZIPRA or the apparently more powerful and influential Moscov-trained Mr. Dumiso Dabengwa. This leaves the Prime Minister with the difficult choice of

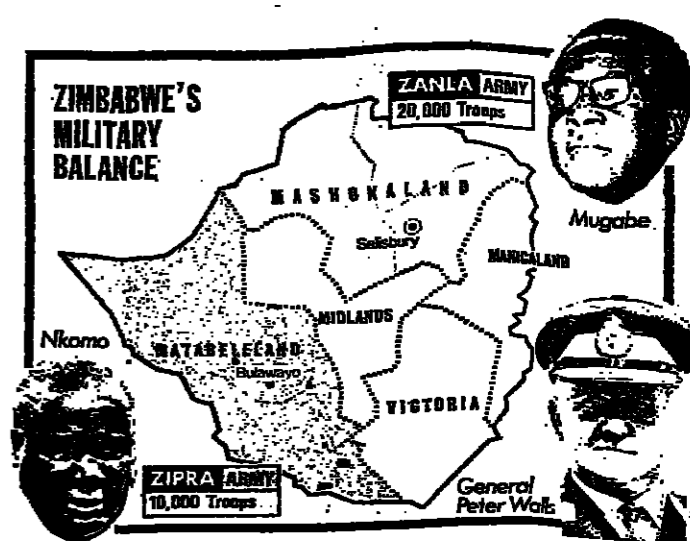
another "stop gap" general, either a British or possibly a Commonwealth soldier, or opting for his own man, Mr. Ngonzo.

To bypass Commander Ngonzo again would certainly upset Mr. Mugabe's party radicals while the appointment of Mr. Ngonzo would go down badly not only with the whites in the regular Rhodesia forces still serving with the new Zimbabwean army, but also with the police. In addition, there would be further tensions in the Cabinet coalition alliance with Mr. Nkomo.

Obviously, Mr. Nkomo is far from happy with his junior and modest role as Minister of Home Affairs whose most important function is responsibility for the police. Equally clearly, there are some very influential elements within Mr. Mugabe's party who believe that it was a bad mistake to have appointed their traditional rival Mr. Nkomo to the Cabinet when the party had won a comfortable overall majority in Parliament of 57 of the 100 seats.

Mr. Nkomo himself is simply psychologically unfitted to fulfilling this junior role—his standing as the "Father of Zimbabwean nationalism" for nearly 30 years.

There is, however, more to the Mugabe-Nkomo tensions than personality clashes alone. There has always been the underlying tribal tensions with Mr. Nkomo's Patriotic Front representing the minority Ndebele, who are outnumbered four to one by the majority Shona.



The rift goes still deeper than this because of potential international diplomatic ramifications. Mr. Nkomo has long been Moscow's favourite son for the top job in Zimbabwe.

By contrast, Mr. Mugabe has always been far closer to the Chinese and the Yugoslavs. Mr. Nkomo reportedly still has military supporters and heavy military equipment outside Zimbabwe. The figure of 3,000 troops plus Russian tanks and heavy equipment is frequently mentioned though details are scanty.

Tensions are further exacerbated by the imminence of a second round of elections within nine months. In October this year, there will be regional and local government elections in Zimbabwe with the main tussle coming between the two parties within the Cabinet coalition.

Even at this early stage, both sides are accusing one another of using intimidation and violence and bringing in their guerrillas and political commissars from the assembly points to politicise the rural population. In parliament last month, Mr.

Mugabe, while carefully absolving Mr. Nkomo from any blame, accused "dissidents" from Mr. Nkomo's army of violence and intimidation in western Zimbabwe which is the Ndebele leader's traditional stronghold.

For his part, Mr. Nkomo is claiming that there is far worse intimidation in those parts of the country where the Mugabe supporters are taking the law into their own hands.

Despite all these severe difficulties, the evidence suggests that at the top level, both Mr. Mugabe and Mr. Nkomo believe that it is vital to retain their alliance. Neither man has much to gain from splitting the coalition now. Mr. Mugabe would be accused of having made a mistake in inviting Mr. Nkomo into government in the first place while Mr. Nkomo has no political home to go to if he walks out of the coalition.

Accordingly, he would seem to have little choice but to sit it out awaiting the combination of the local government elections in October and the final resolution of the military integration exercise which may well not become clear until mid-1981.

South Korea curbs heavy industry investment

By OUR SEOUL CORRESPONDENT

SOUTH KOREA has decided not to encourage further investment in the heavy industrial sector Mr. Lee Seung-Yun, Finance Minister, has confirmed.

The decision comes as the country grapples with balance-of-payments problems, but the Minister denied that a fresh squeeze was imminent. Investment restraint will be applied on a case-by-case basis.

The Government recently decided to divert funds from capital intensive heavy machinery and chemical industry to employment-intensive medium and small-sized industry. To boost employment, the allocation for this sector was recently

increased by 25 per cent. Foreign private investment in the heavy industrial sector is unlikely to suffer. With this shift, the Government is slightly moving away from the high growth rate policy which led the country to becoming a semi-industrial state in 1970s.

South Korea had embarked on an ambitious programme of industrial diversification into heavy industry with a long-term view, well aware of the possibility of tough competition.

The Minister said that the second oil shock has shattered the process of transition. "We are confident about our economic potential,"

increased by 25 per cent. Foreign private investment in the heavy industrial sector is unlikely to suffer. With this shift, the Government is slightly moving away from the high growth rate policy which led the country to becoming a semi-industrial state in 1970s.

Public spending to rise 16.4% by mid-1981

By OUR SALISBURY CORRESPONDENT

ZIMBABWE'S public spending will rise 16.4 per cent in the current fiscal year to mid-1981, according to Government estimates of expenditure tabled in Parliament yesterday.

This will take total state spending to £21.4bn (£9.25m), in spite of a 19 per cent decline in the defence vote and a fall of more than 12 per cent in police spending. Last year, security spending absorbed some 41 per cent of total expenditure but this year it will be down to only 22 per cent.

These savings amount to some £270m (£46m) but they are

vastly more than offset by higher spending on education and health (both up about 54 per cent) and subsidies to consumers, farmers and the national railways.

State spending will rise by some £2,200m (£132m) of which health and education spending alone account for £694m (£62m) this spending is in line with the Government's election pledges in its supporters for free primary education and free health services. The main thrust in health spending is aimed at clinics in rural areas.

A feature of the estimates is

the substantial sums earmarked for subsidies. More than £811m (£76m) is set aside for consumer subsidies on flour, maize meal and edible oils, subsidies to exporters Zimbabwe Railways and dairy, beef, maize and soyabean producers.

The thrust of Government policy is reflected in heavy spending on rural development where £232m (£16m) has been set aside for land resettlement schemes, and for the acquisition of land for peasant farming projects.

The main reason for the rise in health spending is the

emphasis on reconstructing and equipping rural clinics.

The foreign affairs vote remains substantial at some £6m to provide for much increased diplomatic representation abroad. Loan funds are provided for housing water development and road projects.

With gross domestic product expected to increase about 15 per cent in the current year, the rise in state spending has been kept in line with GDP growth. But state spending will still account for more than 47 per cent of national product in 1980.

Inflation 10.7% in Australia

By Patricia Newby in Canberra

AUSTRALIA'S inflation rate for the financial year ended June 30 was 10.7 per cent, against 8.8 per cent in the previous financial year.

Figures issued by the Australian Bureau of Statistics yesterday showed that the consumer price index was 2.8 per cent higher in the second quarter than the first. The main cause of this rise was higher transport costs, reflecting the Government's policy of raising the price of domestically-produced oil to world parity.

SLP MEETING THE NORTH SEA CHALLENGE

THE SEA & LAND PIPE LINES GROUP COMPLETES NEW MODULE CONSTRUCTION YARD

Drawing on ten years of continuous experience in the construction of offshore modules, packages and associated steelwork, SLP has developed 8 acres of land, ideally located in Lowestoft's outer harbour, into the U.K.'s most advanced Module Construction Facility.

THE FACILITIES COMPRISE:

CONSTRUCTION PAD: 254 mm (10 inches) thick reinforced concrete, 15,300 sq. metres (165,000 sq. ft.) area, at +3.00m Newlyn level. Rolled steel angle progressively laid level with concrete at various expansion joints to provide welding earths in all areas.

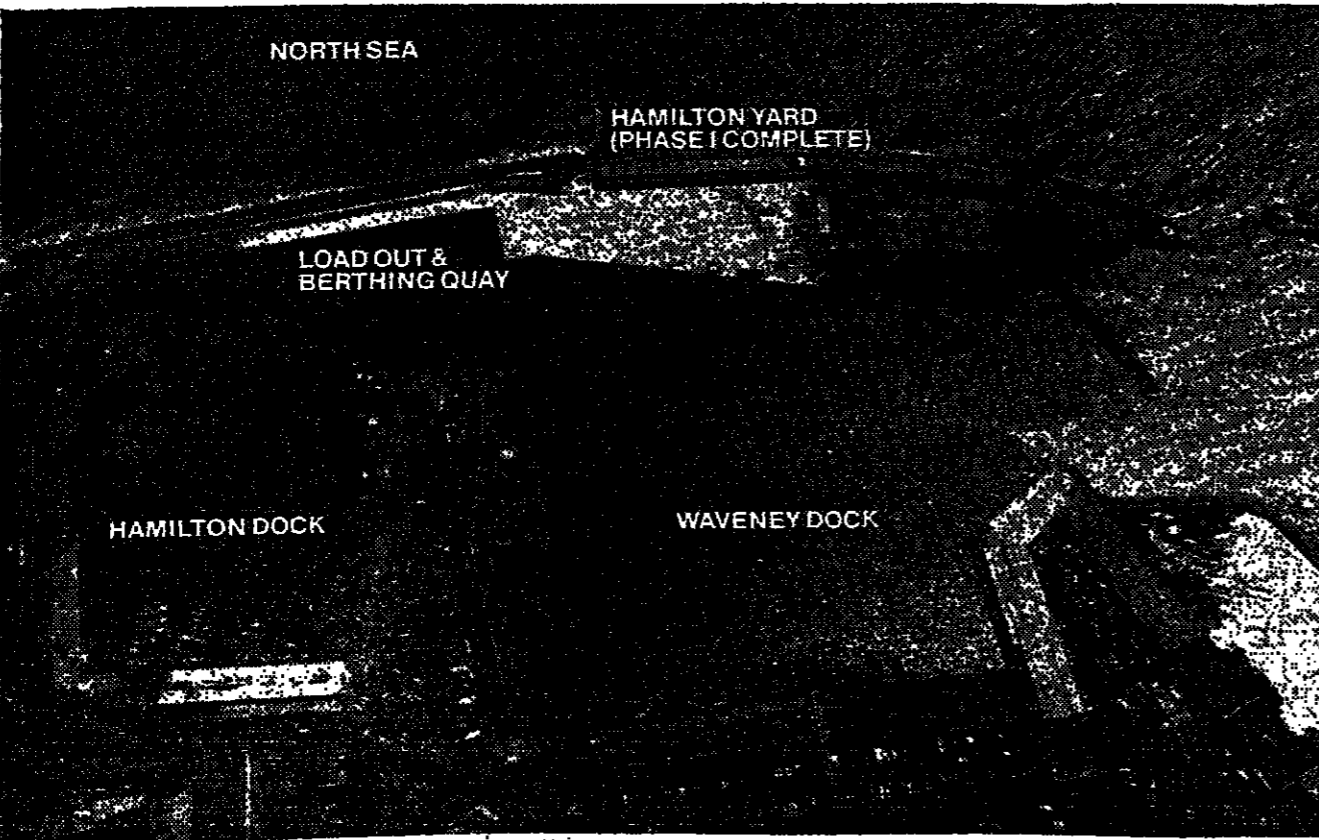
LOAD OUT POINT: Box and sheet steel piled, 36.6m (120 ft.) wide capable of moving 3,000 tonnes loads utilising the pneumatic tyre bogie system. There are three major tie rod and anchor pile systems serving and securing the load-out point.

BARGE BERTH: 128m (420 ft.) sheet steel piled berth and on to the load-out point secured with tie rods and anchor piles. There are seven bollards for mooring and two 50 tonne anchor blocks on the load-out approach for load moving activities.

OFFICES: A 12m (39.4 ft.) wide high level area at +7.50m Newlyn supported by retaining walls is formed down the sea-side of the construction pad with a concrete protective wall superimposed on the sea-side retaining wall to a height of +11.00m Newlyn. 840 sq. m (9,000 sq. ft.) of offices are situated on this high level area.

ELECTRICAL SUPPLY: 2,000 KVA with eleven supply points situated on the perimeter of the construction pad for welding and other module construction activities. The transformers and switchroom are on the high level area.

CHANNEL TO THE NORTH SEA: The berth and channel to the North Sea have a depth of 6.00 metres below Mean Sea Level (i.e. below Newlyn Datum); minimum channel width is 46m (150 ft.) without bridge or other restriction.



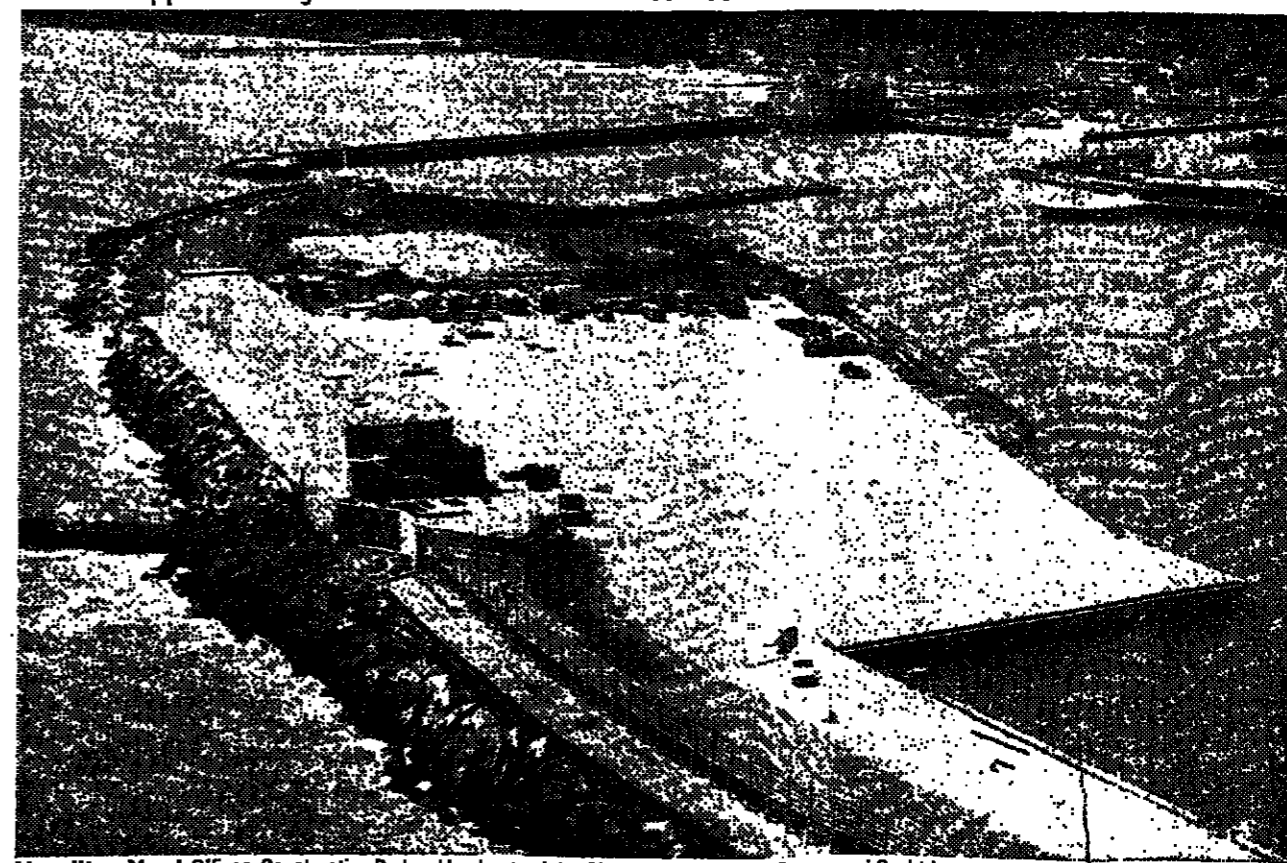
Hamilton Yard showing Hamilton and Waveney Docks and harbour entrance.

SLP HAS PLEASURE IN ANNOUNCING A CONTRACT WITH MARATHON, FOR PRODUCTION MODULES IN THE 'BRAE' FIELD.

Three major production modules for the 'Brae' field Offshore Platform have been awarded to SLP for construction at its new Hamilton Yard, Lowestoft. The contract, which is due to commence in August 1980, for completion on 31st March 1982, will provide employment for 750 people in the Lowestoft area.

The contract, valued at about £18m, is for a gross estimated weight of 6500 tonnes with the largest module weighing 2400 tonnes.

The 'Brae' field development lies offshore in the U.K. North Sea Sector Block Number 16/7A, which is approximately 155 miles north east of Aberdeen.



Hamilton Yard Offices, Construction Pad and load-out point—Civil Contractor: May Gurney and Co. Ltd.

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AMERICAN NEWS

Brazil runs up near-record trade deficit

BY DIANA SMITH IN BRASILIA

BRASIL ran up a \$2,027bn (\$830.25bn) trade deficit in the first half of 1980, according to Sr. Eduardo Carvalho, the Treasury Secretary-General. The deficit, hit by a 92.5 per cent increase in the value of oil imports compared with January to June 1979, is Brazil's second largest six-monthly trade gap since 1973.

Imports of crude oil accounted for 46 per cent of January to June foreign purchases of \$11.22bn. Overall imports rose 49 per cent compared with the first half of 1979. Exports, meanwhile, grew by 35 per cent to \$9,193m, with sales of coffee—the biggest export representing nearly 16 per cent of the total.

The monthly trade balance in June showed a deficit of \$187m due to imports of \$1.9bn including \$790m of oil, and exports of \$1.7m, including \$909m of manufactured goods.

The half-yearly Brazilian trade deficit, and forecasts by economists that the year-end deficit will show little improvement, is likely to increase the

preoccupation of the foreign banking community with Brazil's external payments problems.

At the beginning of 1980, the Brazilian Government promised to balance imports and exports at \$20bn each.

The growing trade gap, plus the discouraging rate of annual inflation of around 100 per cent, is leading a number of foreign bankers to believe that interest rates for new loans to Brazil will be higher than in the past.

Some Brazilian quarters recognise that they will be lucky to end the year with spreads of 2 per cent.

Brazil's current foreign debt—the largest hard currency debt in the world—is estimated at about \$37bn.

Despite stringent efforts to hold down non-oil imports through deliberate delays in granting licences and a 15 per cent tax on import related foreign exchange deals, the half-yearly trade figures reflect Brazil's need to acquire substantial quantities of capital equipment and components abroad to maintain its capacity for industrial development.

U.S. cities prepare for census battle

By Ian Hargreaves in New York

FOUR MONTHS after all residents in the U.S. were required to take part in the 1980 census, disputes have broken out around the country over alleged undercounting by the census office.

With preliminary returns starting to filter into city governments, the cities which stand to lose Federal Government aid and electoral representation because of population declines have made it clear that they do not intend to surrender to the figures without a fight.

Detroit has already said it will sue the Census Office if the figures are not revised. New York City officials are looking through the customer list of Consolidated Edison, the local power company, as a double check on the numbers and the mayor of Atlanta has proclaimed that his city will lose \$18m a year in Federal funds if the count is allowed.

The problem is not unexpected—indeed, the preliminary figures have been sent to cities in an attempt to defuse a larger confrontation when the official census results are declared—but it presents a difficult problem for the Federal census officials.

New York estimates that it has at least 1m illegal aliens within its city limits and there was bound to be considerable reluctance from these people to supplying information to the Government.

The problem for the cities is that no-one really doubts that their populations have declined since 1970.

New York officials fear the census may show a 20 per cent decline in the city's 1970 would be a serious blow at a time when New York is again under serious financial pressure.

The picture is similar in other declining cities of the industrial north east and mid-west. But even in Atlanta, at the hub of the booming south east, there is a problem caused by the fact that heavy suburbanisation has drained the inner city of its white and middle-class black population.

THREAT TO ANTI-BALLISTIC MISSILE TREATY

How U.S. hawks could weaken UK deterrent

THE SALT II treaty is virtually dead, and it has become possible the Anti-Ballistic Missile (ABM) treaty could catch the same infection. This could touch off a new spiral in the superpower arms race, while raising serious questions whether smaller countries can stay in the nuclear business.

Britain has just bought one of the very latest wares in the American nuclear supermarket—the Trident I missile system, at a price of some \$2.5bn. The Thatcher Government is confident that enough of the relatively small numbers it is buying—16 multiple warheaded missiles for each of four or perhaps five submarines—could penetrate Soviet defences. This would keep Britain's nuclear deterrent going into the 21st century.

But that confidence would be dimmed if the Russians were to improve drastically their capacity to knock out incoming missiles. There are growing rumblings inside the U.S. defence establishment and the Republican Party that the U.S. has fallen behind the Russians in anti-ballistic missile research and development, and must catch up.

That was what the Republican Party platform, approved at the Detroit convention, stated. It did not go far enough to satisfy Senator Jesse Helms, a far Right conservative. He wants to scrap the anti-ballistic missile treaty, signed eight years ago, when it next comes up for review in 1982.

Senator Helms reflects an increasing sentiment among Congressional hawks that the Soviet Union has taken far better advantage of permitted loopholes in the ABM treaty than the

U.S. which now need some defence cover to protect American land-based offensive missiles.

An aide to Senator Gordon Humphrey, a conservative Republican, predicts that a Ronald Reagan administration "would look very seriously, if not at abrogating the ABM treaty, then at renegotiating it" to allow the U.S. to place ABM systems around the vast majority of its land-based offensive missiles. The Russians could then of course do the same—and that, all agree, could pose severe problems for Britain and France, with their much smaller nuclear forces.

By themselves, a British or French missile force might be knocked out of the sky, by an expanded Soviet ABM system. Many might get through if they were fired together with U.S. missiles, but then what is the point of calling the UK deterrent "independent"?

Scraping the ABM treaty, or even relaxing its provisions, could also weaken one of the Thatcher Government's rationales for choosing Trident over cruise missiles. This was that Soviet defences against cruise missiles, such as its array of SAM weapons, were not controlled by treaty, but systems against ballistic missiles like Trident were.

The 1972 ABM pact has seemed the one almost unqualified success of the whole SALT negotiations, and it should be stressed that Senator Helms is very much a lone voice in calling for its abrogation. Of indefinite duration, it allows each superpower to deploy an ABM system at only one site, with no more than 100 launchers and limited radar.



Senator Jesse Helms (above) wants to scrap the Anti-Ballistic Missile (ABM) treaty signed by the U.S. and Russia eight years ago. A new ABM race could weaken the effectiveness of Britain's new Trident missile (left), David Buchan reports from Washington.

The Soviets chose to keep their system around Moscow. For a short time the U.S. deployed a system around its Grand Forks missile site in North Dakota, until it was dismantled in 1976. The treaty allowed ABM re-

search and development to continue virtually unchecked, however, except for certain kinds of testing. The Soviet Union has apparently taken full advantage of this, spending roughly five times more than the U.S. each

year since 1972. ABM spending by the U.S. has dropped from some \$1.5bn in 1972 to \$241m this year.

Some U.S. Senators have recently accused the Soviet Union of infringing the 1972 pact, in particular by testing SAM-5s and SAM-10s to see if they can be used to shoot down incoming missiles. But this is not taken very seriously by the Carter Administration.

However, the Russians are working on a system called the X3, which is apparently semi-mobile and which nervous conservatives in the U.S. worry could be swiftly deployed if the Soviet Union suddenly decided to do away with the treaty.

The Russians are also believed to be further ahead than the U.S. in the "science-fiction" field of developing lasers in space to destroy missiles.

But the U.S. has not entirely neglected ABM research in the past eight years, either. It scrapped its Spartan and Sprint ABM systems, but has since come up with better high and low altitude missile-killers and much improved radar.

There is also a band of ABM enthusiasts on Capitol Hill. Senators Humphrey, Malcolm Wallop, Pete Domenici, all conservatives, and the two Senators from Alabama, where the Huntsville Space Research Centre has done much ABM work.

Union leader predicts prolonged film stoppage

LOS ANGELES—A trade union leader has predicted a long strike by the 60,000 actors and actresses who have stopped production at all major U.S. film studios at a cost of millions of dollars a day.

"We're probably in for a lengthy work stoppage," said Mr. Chester Misdgen, the national executive secretary of the Screen Actors Guild, yesterday, the third day of the strike.

The strike is centered on demands by the actors for more pay and has stopped production on such big budget films as "All Night Long," starring Barbra Streisand, and "The Border," starring Jack Nicholson.

Film producers claim that some films which have only just gone into production might have to be scrapped if the strike

did not end soon.

Industry officials have estimated the cost of closing a major film set for a day at about \$100,000 (\$22,000).

Work has also stopped on many U.S. television series, including "Dallas," "Charlie's Angels," "Lou Grant" and "The Incredible Hulk," trade union leaders said.

Members of the guild and the American Federation of Television and Radio Artists, had originally asked for a 40 per cent wage increase on all minimum rates over the next three years. But union leaders said they had now reduced their claim to 35 per cent. Mr. Hunt of the film producers, said the trade unions had rejected an offer of a little over 30 per cent.

Reuter

Republicans in full cry over Billy Carter's Libyan link

BY DAVID BUCHAN IN WASHINGTON

PRESIDENT JIMMY CARTER lagging way behind Mr. Ronald Reagan in a new preference poll issued yesterday, now seems faced with an embarrassing Senate investigation of his younger brother Billy's activities as a paid Libyan Government agent, and of how his Administration handled the case.

Senator Robert Byrd, the Democratic majority leader, said this week "there will be an investigation," though a

special appointed four-man panel of the Senate Judiciary Committee will decide the format.

Republicans naturally want a full-blown inquiry—akin perhaps to the Watergate hearings of 1973 which tarnished their party. Democrats prefer a more modest investigation, preferably concluded before their mid-August party convention in New York.

Ultimately, the affair may prove a local political squall on

the Potomac, rather than a serious tempest for the Administration. The more partisan the Republicans are in calling for full investigation, the greater the chance of it backfiring in President Carter's favour.

But by yesterday's Harris Poll Mr. Reagan leads the President in the November election race by 61 per cent to 33.

The Billy Carter row has clouded any critical post-mortems on the Republican Convention, and Mr. Reagan's

controversial dithering there with Mr. Ford as a running mate. The latest Harris Poll was taken just after the Detroit Convention.

The Carter White House clearly learnt the lesson of Watergate when this week it gave out a fairly full statement on all its contacts with Mr. Billy Carter.

But in doing so, it disclosed information which, pieced together with Press leaks, made

up a curious sequence of events. Last November, Mr. Zbigniew Brzezinski used Mr. Billy Carter as a go-between for a meeting with the Libyan Charge d'Affaires to seek Libyan support for releasing the U.S. hostages in Tehran.

The serious question is whether the Administration led both Mr. Billy Carter and his Libyan paymasters into thinking they had influence in the White House.

APPOINTMENTS

Senior Frankfurt post at Bankers Trust

Mr. Michael L. Buseman, who has been in charge of Bankers Trust Company's representative office in Frankfurt since 1979, has been promoted vice president. Mr. Buseman joined Bankers Trust in London in 1971, and went to Frankfurt in 1977.

Mr. Giovanni Franzini has been elected to the Board of MERILL LYNCH INTERNATIONAL BANK. He was adviser to Kuwait International Investment in Kuwait.

Mr. Karl von der Heyden has been appointed vice president and treasurer of H. J. HEINZ COMPANY.

Mr. Donald O. Rausch is to become president and chief executive officer on August 1, of WESTERN NUCLEAR, a subsidiary of Phelps Dodge Corporation. Mr. Richard T. Moolick, a Phelps Dodge senior vice president, is at present Western Nuclear president, a position he will relinquish at the beginning of August.

Mr. Dennis R. Twining has been named director of metal and ore sale for FREEMONT MINERALS COMPANY and Mr. Frank A. Handler, Jr., has been appointed manager of mineral planning, metal and ore sales.

Mr. Walter T. Joyce has become manager of sales administration for Greenvale Nickel Sales, Pty. an affiliated company.

Mr. Dick Welch has joined JAPAN INTERNATIONAL BANK to take up a position of chief Euro bond dealer after resigning from Robert Fleming and Co.

Mr. Ian G. Sampson is to join the SCHROEDER GROUP to develop its unit trust interests. He will be made managing director of a new subsidiary company which will be closely connected with Schroeder Life Assurance from September 1.

Mr. C. R. E. Brooke has been appointed a non-executive director of SLOUGH ESTATES. Mr. Brooke was group managing director of EMI until the company's merger with Thorn Electrical Industries in June 1979 and has held senior directorships of several major companies.

Mr. Alan B. Brooker has now become chairman of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS), the Exel Group's parent company. He succeeds Mr. John L. Hasey, who has retired after nearly eight years as chairman. Mr. Brooker, managing director since 1969, will continue as group chief executive.

Mr. Jim McGinn, Mr. Bill Scott and Mr. Arvin Furank have been appointed directors of ATCOST PROJECTS.

Mr. Jack M. Saunders has been appointed managing director of the international operations of CONTINENTAL OIL COMPANY. He replaces Mr. J. Patterson, who has been promoted and transferred to Houston, Texas. Mr. Saunders was recently vice-president, exploration, international pro-

duction, Oasis Oil Company, Tripoli, Libya. Mr. Alfred J. Boulos has been made manager of acquisitions, Continental Oil, succeeding Mr. T. C. O'Dell. Mr. J. A. Iverson becomes manager, MOLEX ELECTRONICS, moves to the European headquarters as director of operations. His new duties will include being responsible for direct operations offices and representative organizations within Europe. Mr. Jimmy Young, previously sales and marketing manager, has been promoted to director and general manager to Molex Electronics.

Mr. N. A. T. Smith, a director of W. Harold Perry, has been appointed an executive director of HAROLD PERRY MOTORS, the parent concern. Mr. J. W. Matthews, a director of County Bank, has become a non-executive director of Harold Perry Motors.

Ing. Carlo De Benedetti and Dr. Wolfgang Scherren have become members of the international council of MORGAN GUARANTY TRUST COMPANY. Ing. De Benedetti is vice-chairman and chief executive officer of Iva. Dr. Scherren is chairman of the Board of Management of Allianz Versicherungs-AG, Munich.

Mr. Sullivan will become deputy division head, retaining control of the Western district. Mr. Frederick A. Rager, Jr., senior vice president, will assume responsibility for the Mid-Western and Great Lakes districts. Mr. Broughman for the Mid-Atlantic and Southern districts. Mr. Albert will head a new region composed of the sub-divided South-Western district. Mr. Edward A. Jones, Jr., senior vice president, will now be responsible for the Eastern and North-Eastern districts, and will continue to supervise the development of national division corporate business in Canada.

Mr. Schenck is in charge of the branch banking group's personal loan department. Mr. Walsh supervises the group's credit card department. Mr. Van Den Heuvel had been vice president and secretary. Mr. Price will continue to supervise mortgage banking activities of the corporation and government relations.

Manufacturers Hanover executives

MANUFACTURERS HANOVER TRUST COMPANY has elected Mr. Donald H. McCree, Jr., executive vice president in charge of the national division, and a member of the general administrative board, the senior internal policy-making group. Mr. McCree had been senior vice president and deputy general manager of the international division. Prior to that he was in charge of the bank's London office. He succeeds Mr. Kewell-Jenkins, who will remain vice chairman of the Board of the Trust company.

In other senior management changes, the following were elected senior vice president and deputy general manager: Mr. Mark E. Buchanan, international, Mr. David W. Larson, operations, Mr. Edward D. Miller, metropolitan, Mr. John J. Sullivan, national, Mr. Douglas E. Ebert, senior vice president and deputy general manager. Mr. Ebert will join the senior management group of the international division. Mr. Ebert had headed the branch banking group of the metropolitan division.

Elected senior vice presidents are Mr. Conrad P. Albert, and Mr. R. Bruce Broughman, national, Mr. Charles V. Schenck, Jr., and Mr. Charles R. Walsh, metropolitan. Mr. Stanley Van Den Heuvel, senior vice president and secretary of both the trust company and its parent, Manufacturers Hanover Corporation. Mr. John R. Price has been made senior vice president.

Mr. Buchman had been senior vice president in charge of business in a region covering parts of Asia and the Pacific Basin. He is succeeded by Mr. John J. Simone, who was senior vice president, national.

Mr. Miller, who had been in charge of branch operations, administration and consumer credit, will replace Mr. Ebert as officer in charge of the branch banking group. Mr. Larson, who was senior vice president responsible for data processing and research, is taking over broader responsibilities in the operations division.

Within the national division, Mr. Sullivan will become deputy division head, retaining control of the Western district. Mr. Frederick A. Rager, Jr., senior vice president, will assume responsibility for the Mid-Western and Great Lakes districts. Mr. Broughman for the Mid-Atlantic and Southern districts. Mr. Albert will head a new region composed of the sub-divided South-Western district. Mr. Edward A. Jones, Jr., senior vice president, will now be responsible for the Eastern and North-Eastern districts, and will continue to supervise the development of national division corporate business in Canada.

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DKB ECONOMIC REPORT

July 1980: Vol. 9 No. 7

Japan's corporate phases in domestic business show conspicuous improvement

Amid the continuing sporadic oil price hikes, the Organization of Petroleum Exporting Countries (OPEC) reached a new price-fixing agreement for crude oil at its general meeting in Algiers early June this year.

The new price system, adopted from July 1, will inevitably push up the average price of imported oil although it is not yet clear how the oil producing countries will increase their crude prices. There is a growing concern that the planned price hikes for crude will adversely affect the economy of various countries, particularly in the fields of prices and business activities.

The economies of some industrialized countries, including the United States, have begun to slow down lately. Under these circumstances, the U.S. Government has been carrying out a relaxation of its tight money policy.

Good business prospect

Meanwhile, the domestic economy continues to expand steadily as "microeconomic" business activities are increasingly doing well. According to a short-term economic survey of principal enterprises conducted by the Bank of Japan (as of May), the number of private companies, both in manufacturing and non-manufacturing industries, which consider the present business condition as "good" exceeds by 31 points the number of those which view the current situation as "bad."

The survey also shows that the February estimate for production, sales and profits of business corporations for the fiscal 1980 had to be revised upward in May, indicating that the business trend continues to be in the expansive keynote for private corporations.

The expansive keynote is more or less observed at the macro level of the nation's economy. A recent quick report of the national income statistics shows that the real gross national product (GNP) for the January-March period this year marked a high increase of 1.8 per cent over the previous three-month period—(an an-

nual increase of 7.2 per cent. As a result, the real economic growth rate in the fiscal 1979 reached a 6.1 percent level which is slightly above the revised government outlook (5.0 per cent).

According to the breakdown of the real GNP growth, export increased by 6.8 per cent during the January-March period, compared with the previous three-month period, whereas import marked a 3.6 per cent decrease. And the surplus of the current account, which showed a 30.3 per cent increase over the previous three-month period, largely contributed to the extensive growth of GNP on the whole. Furthermore, inventory investment in both the private and public sectors has increased by 46.1 per cent over the previous three-month period contributing greatly to the GNP growth.

Domestic and final demands

In contrast to the rapid increase in the demand for export and inventory investments, the upward trend in domestic and final demands is gradually declining.

That is to say, the increase rate of domestic demand in real terms has been slowing down since the January-March period of last year, with the increase rate for the corresponding period this year being minus 0.0 per cent. The declining trend of the domestic final demand is even worse. It dropped to a 0.5 per cent decrease for the January-March period of this year, compared to the previous three-month period.

Although the overall nation's economy is expanding, everything is not going well in all the aspects of the economy.

A look at the recent business trend in terms of industrial production activity, shows that the industrial production dropped sharply by 3.3 per cent in March from the previous month and then increased by 1.8 per cent in April.

With regard to the future outlook, the increasing trend in production seems to have entered a lull with the forecast

index of manufacturing industry production predicting that the production rate will decrease by 0.1 per cent in May and 0.6 per cent in June as compared to the previous month, respectively.

The actual operation rate in the manufacturing industry in April was about 91 per cent, and the uptrend experienced in the past seems unlikely to occur at present.

Favorable trend in export and steady equipment investment

Of all the demand factors, the favorable trend in export is particularly notable. The customs-cleared export in May marked a sharp increase as compared to the corresponding month of last year—a 27.1 per cent increase in terms of the dollar or a 38.9 per cent increase based on the yen.

As for the future trend, there are some factors to be concerned about—a full-scale business recession in the United States, rising economic frictions between Japan and other countries caused by rapid increase in Japanese exports, and a reversal toward higher appreciation of the yen. Judging from the future indexes, such as export letters of credit, however, the increasing trend in export seems due to continue for a while.

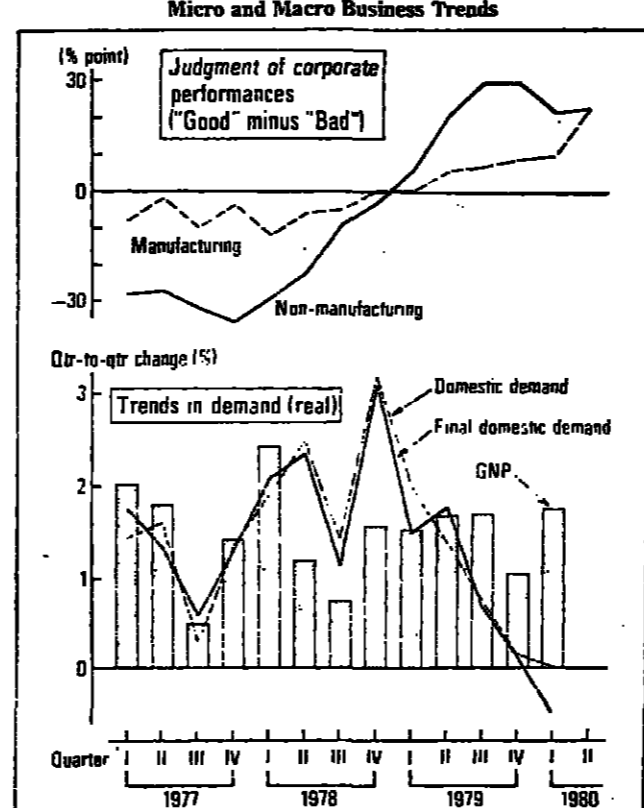
Although the export is on the increase, dollar-based import is running at a high level mainly due to crude price hikes. The balance of payments thus continues to suffer deficits.

After seasonal adjustment, the current balance in May ended in a deficit of \$92 million.

The private equipment investment as well as demands for export has played a leading role in boosting the nation's economy. The increasing trend in the equipment investment is likely to continue for some time.

Weak demand in field of household economy

In contrast to the favorable trend in the demand for exports and equipment investment, demand in the field of the



Source: The Bank of Japan and the Economic Planning Agency

household economy lacks strength.

According to the household income and expenditure survey of March, this year, total consumer expenditures of all the households in the country showed a nominal 8.2 per cent increase as compared to the corresponding period of last year.

However, in real terms, it was only a 0.2 per cent increase due to the rise of consumer prices. Furthermore, related indexes, such as sales by large retail stores and the average outstanding balance of banknotes, all seem to have a declining trend.

Should the consumer prices continue to rise, consumer sentiment will take a cautious step which, in turn, will adversely affect the personal consumption.

The private investment in housing is also inactive. The number of new housing starts in April decreased by 10.5 per cent, compared to that of the corresponding month of last year.

The basic tone of fiscal expenditures has been weak since the latter part of the previous fiscal year as the Government has been putting a restraint on

its fiscal spending in view of the restrictive demand management.

The outlook of the economy on the whole is not necessarily optimistic, with various negative trends observed in the elements of demand in spite of the fact that the business climate is in the expansive keynote.

Upsetting wholesale price

As far as price developments are concerned, the wholesale price dropped by 0.2 per cent in May from the previous month for the first time in 19 months since November, 1978, after which the current trend of price upswing started.

Aside from the wholesale price decreases stemming from the higher yen quotation, domestic commodity prices continue to rise.

Meanwhile, consumer prices in the metropolitan Tokyo area in May increased by 0.7 per cent over the previous month, or 7.7 per cent compared to the corresponding month of the previous year.

The increasing cost of the imported raw materials has caused domestic wholesale goods prices to go up, and this seems to be gradually affecting consumer prices.

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The next DKB monthly report will appear Aug. 26.

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Japanese share of German car market now 9%

BY ROGER BOYES IN BONN

JAPAN'S share of the West German car market has almost doubled over the past year, increasing the share of German manufacturers and trade unions, who are already suffering from the radical downturn in the motor sector.

According to six-month car registration figures released yesterday, the Japanese market share in the first six months reached 9 per cent. In the first half of last year, the Japanese share was 4.9 per cent.

While the number of new cars sold dropped in the first six months to 1.4m, compared to 1.3m in the first period last year, imports accounted for 26.6 per cent compared to 24 per cent in the first half of 1979. This was due to the rapid advance of Japanese vehicles which have clearly taken away sales from German manufacturers.

The scale of the Japanese success over the past three years is particularly marked in the latest statistics. In the first half of 1977, Japan had a 2.2 per cent increase, in 1978 it had 3.2 per cent, in 1979, 4.9 per cent and now it has captured 9 per cent.

This places Japan second only to France as Germany's major car importer. Motor executives said earlier this year Japan was likely to overtake the French in the course of 1980-81. The French share fell from 10.4 per

cent in the first half of last year to 9.8 per cent this year.

Volkswagen remained the most popular German manufacturer and managed to slightly increase its market share from 31.5 per cent to 31.8 per cent, thanks to sales of the VW Golf. Ford and Opel both saw their shares drop. Ford's share of 10.8 per cent, down from 12.5 per cent in the first six months of last year, hovers extremely close to Japan's 9 per cent.

Ford-Werke's chairman, Herr Peter Weier, recently called for joint action between German manufacturers, the Government and the trade unions to control the steady rise in Japanese imports.

The German Economics Ministry has, however, made clear there is no chance of protectionist measures against Japan. Bonn will rely on the "self-discipline" of the Japanese.

Underlying this philosophy is the feeling that Japan's market share has limitations. Although their distribution and servicing networks in Germany have improved dramatically over the last year, it is thought unlikely that the Japanese could push their sales much beyond 10-11 per cent. This depends naturally on how far the German car market contracts over the coming year.

Tokyo may appeal to GATT over U.S. trucks

TOKYO—Japan is ready to appeal to the General Agreement on Tariffs and Trade (GATT) if the U.S. raises import duty on small trucks from Japan to 25 per cent from 4 per cent, International Trade and Industry Ministry officials said.

They said a U.S. customs decision which reclassifies light-weight truck chassis as unfinished trucks and turns a 4 per cent duty into the 25 per cent levy will take effect automatically from August 31 unless President Carter instructs otherwise.

The higher duty will affect all truck chassis imported into the U.S. in 1979, which had a value of \$1.5bn (£632m).

The Japanese officials said the decision to reclassify imported goods and eventually raise their import levy ran counter to GATT rules.

In recent years, the Japanese have been exporting minipick-up trucks to the U.S. in two pieces, chassis and body, which are then turned into one truck using bolts.

Japan last year exported 440,000 trucks to the U.S. Reuters

NEWS ANALYSIS—TECHNICAL BARRIERS

Stopping a 'trade war' within EEC

BY MARGIE LINDSAY

Technical barriers have worried EEC member states for some time. Viscount Davignon has taken a particular interest in constructive efforts to stop what is seen as an escalating "trade war" within the Community.

TECHNICAL BARRIERS to free trade within the EEC continue to be the major obstacle to the establishment of a "common" market within the Community. Despite several initiatives by Brussels, the problem still persists.

The latest attempt—a proposal by Industry Commissioner Viscount Etienne Davignon to set up an information system on technical regulations and national standards and to slow down the proliferation of harmonising measures, is only one solution for a particular problem.

Technical barriers have worried Brussels and member states for some time. In the past 18 months Viscount Davignon has taken a particular interest in seeing that something constructive is done to stop what is seen by some as an escalating "trade war" within the EEC.

On his initiative a committee of senior government officials and experts on standards from each member state was set up. The group produced a report which urged him to find some way of co-ordinating the many standards created by each member state. This he is trying to do.

A sub-committee recently approved a further report which concludes that the Commission should be careful to produce directives only if they are necessary. It also recommends

that member states set up a network to deal with standardisation problems. This would involve a contact point or person in each member state who could deal with problems and the designation of a testing laboratory in each member state to which others could go for test certificates.

This report will be discussed in the autumn by the heads of EEC industry ministries.

Various methods used by EEC states to protect their home markets are highlighted in a survey on non-tariff barriers in inter-state trade carried out on behalf of the West German Ministry of Economics in Bonn. The study, undertaken in October-December, 1979, and based on around 800 cases, is expected to be published this autumn and sent to the EEC Commission and European Parliament.

The Germans find the French and Italians to be the greatest offenders. In particular they complain of the practice whereby other member states require certificates of origin for goods which are clearly labelled as being made in a member state. Under an EEC directive passed in April these certificates should be required only in retrospect—not before goods can enter a member state.

The survey found there were nearly 250 complaints on certificates of origin. The main

offenders were Italy (48 per cent) and France (41 per cent) with Ireland (7 per cent) coming a slow third. Heading the list of sectors which received the most complaints across the board was textiles.

The French defend their certificates of origin as the only way they have of checking that third-country imports, particularly from Eastern Europe, are not entering the EEC through a member State where the goods change "nationality".

The Germans, meanwhile, have been accused by other member States of using technical norms and standards to keep out other EEC goods. Using what has become known as the "alibi theory" West Germany can block imports for health and safety reasons and on the grounds of protecting consumers. This can both delay and inhibit imports into West Germany.

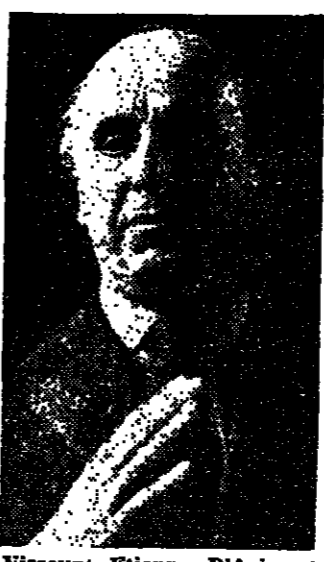
It has also been pointed out that West German goods are given preferential insurance treatment if they carry DIN (the German national standards institute) approval.

The UK comes in for relatively little criticism. The main complaints centre on the conflicting guidelines issued by government officials and the long time lag between submitting a product for testing and certification for sale in the UK.

Viscount Davignon has asked industry to tell the Commission, Court of Justice and the European Parliament of examples of barriers to free trade. But companies are reluctant to complain too much in Brussels or take member states to Court, fearing some form of adverse effect on their business in the country causing the problem.

The European Parliament, through a special committee chaired by EP vice-president Basil de Ferranti, is eager to help. It hopes to be making its contribution to ending these trade barriers when it publishes and debates a report in its October session. The report in draft form says the Commission should be given greater powers to issue implementing provisions. It says that the powers granted to the Commission should be more specific and calls on the Commission to set up an information centre for companies faced with problems. This could conduct an "intensive campaign to tell them about the courses of action open to them."

Some feel that enlargement will only aggravate the protectionist tendencies of some member states, and increase the methods of blocking EEC imports. As one senior UK government official said: "I really think the EEC should put its own house in order before building an extension."



Viscount Etienne D'Avignon

Ireland's industry board chief resigns

BY STEWART DALBY

MR. MICHAEL KILLEEN is to resign as the managing director of Ireland's Industrial Development Authority (IDA).

From early 1981 Mr. Killeen will take up a position in the private sector as deputy chairman of Irish Distillers, one of Ireland's largest companies which also has on its board Mr. Jack Lynch, the former Prime Minister. It appears that Mr. Killeen has been promised the chairmanship of Irish Distillers by the middle of 1982.

The IDA, in general, and Mr. Killeen, in particular, have been a great Irish success story. He became the managing director in 1969. The IDA has so far created 150,000 new jobs which is a considerable achievement given that today the manufacturing sector here employs a total of 245,000 people.

The IDA has therefore been

the main driving force behind the country's industrialisation, filling the demand created by people coming off the land coupled with a rapidly growing workforce—Ireland is the only country in Western Europe where 50 per cent of the population is below 25.

Using a generous package of incentives including grants, loans, a de facto tax holiday system, the IDA in the period 1960 to 1978, attracted 800 foreign companies which invested £1.6bn at 1978 prices. This should be seen against Ireland's GNP today of £18.3bn (£7.5bn).

The Government has therefore asked the semi-State body, National Economic and Social Council, to produce a report by early 1981 re-evaluating Ireland's industrial policies.

Nigeria port strike

BY MARK WEBSTER IN LAGOS

TANKERS and cargo ships were unable to enter or leave Nigerian ports yesterday following a strike by ships' pilots, which began in Lagos and has spread to the rest of the country.

The Nigerian Ports Authority refused to comment on reports which said that following the pilots' decision to carry out their long-standing strike threat in support of improved pay conditions, the country's ports were virtually paralysed.

The normally busy ports of Tin Can Island and Apapa Wharf in Lagos showed no signs of movement yesterday.

The strike was called after management and the pilots had

failed to agree on demands for more tug equipment. The requests were first made in April this year.

Junior staff who assist the pilots were the first to go on strike, and initially the work was carried out by other members of the staff.

The New Nigerian newspaper said the general secretary of the Nigerian Merchant Navy Officers and Water Transport Senior Staff Association, Mr. J. O. Akintola, was taken by police to the Nigerian Ports Authority headquarters and told to stay out of the ports altogether because he was suspected of having started the strike.

S. Africa chemicals boost

BY BERNARD SIMON IN JOHANNESBURG

SENTRACHEM, South Africa's second largest chemicals producer, has announced a R110m (£80m) expansion programme aimed at reducing the country's dependence on imported chemicals and raising exports. The expansion is based partly on raw materials to be supplied as by-products of extensions to Sasol's oil-from-coal plant.

The expansion will make South Africa self-sufficient in aniline which is used in the

manufacture of mining and rubber chemicals, and maleic anhydride, a raw material for the production of unsaturated polyester resins.

In addition, Sentrachem intends doubling the capacity of its xanthates plant at Sasolburg south of Johannesburg. Xanthates are used as reagents by the mining industry and the company hopes to export sizeable quantities to meet a world-wide shortage.

Aircraft financing burden worries U.S. Eximbank

WASHINGTON—With more commercial aircraft financing business than it probably can handle over the next three years, the U.S. Export-Import Bank is considering several options on how its lending activity might be trimmed yet still maintain the dominant world market position for U.S. manufacturers.

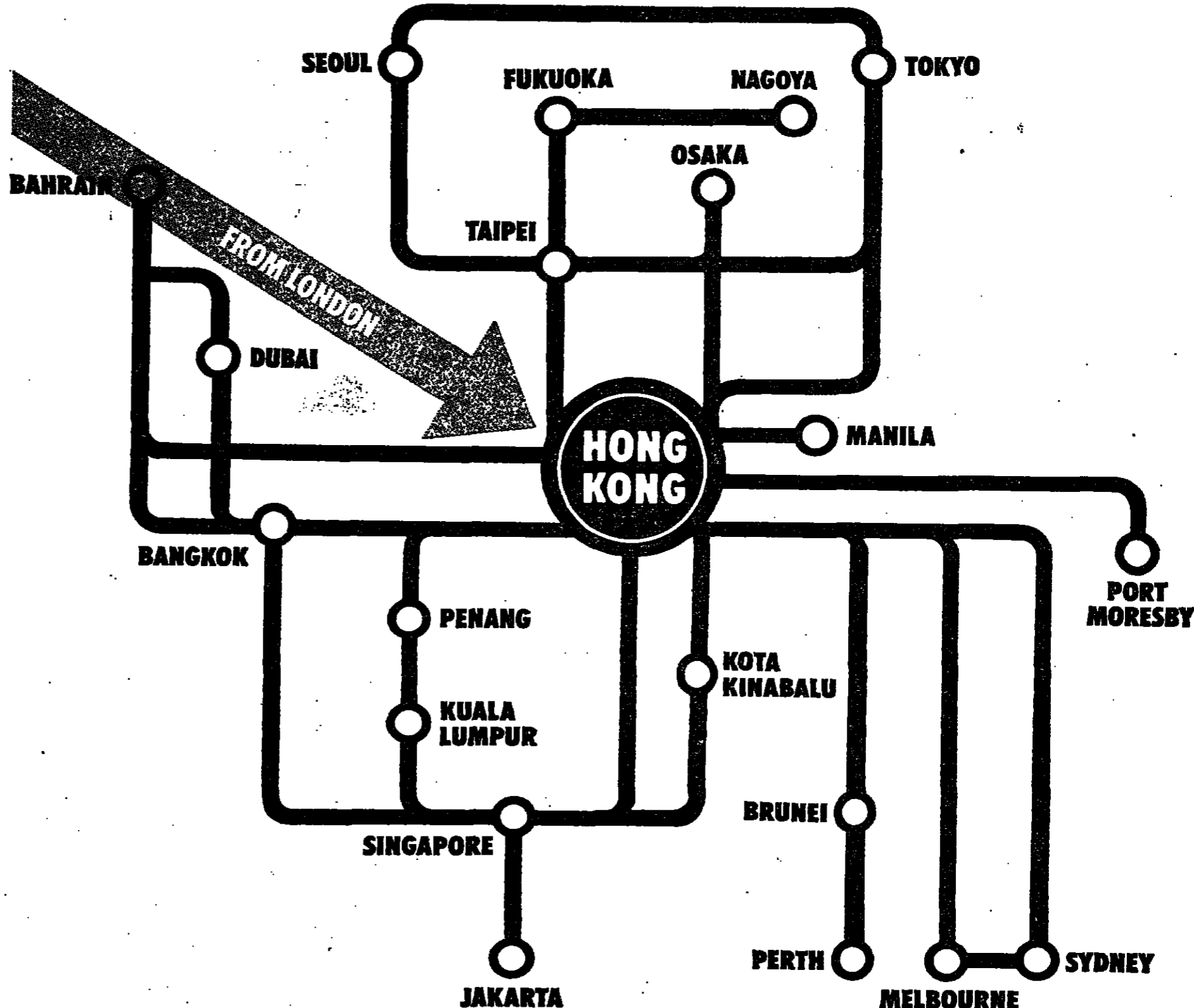
The Eximbank's top officials and directors will meet next Monday on aircraft lending policy questions.

The Eximbank has outstanding commitments to provide about \$4bn (£1.68bn) in credits in the three years starting next October 1 to foreign borrowers

for the purchase of commercial aircraft produced by Boeing, Lockheed and McDonnell Douglas, as well as jet engines made by General Electric and the Pratt and Whitney division of United Technologies.

In addition to these Eximbank preliminary commitments, U.S. aircraft makers expect they will need \$4.5bn (£1.8bn) in further credits from the bank and other lenders over the next two or three years to help complete "future sales" of both their new-generation commercial jetliners and such existing models as Boeing 737, 727 and 747 airliners. AP-DJ

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UK NEWS

NatWest launches home loan scheme

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

NATIONAL WESTMINSTER Bank has launched a home mortgage scheme with loans of between £20,000 and £40,000 on offer.

The scheme is being organised through a new subsidiary, National Westminster Home Loans. Details of the plan have been sent to NatWest branch offices this month, and several now display brochures about it.

The NatWest scheme is the first move by a clearing bank on home loans since corset controls were abolished last month. Last year both Lloyds Bank and Midland Bank announced pilot mortgage schemes.

NatWest will consider advances of between 80 and 85

per cent of the house valuation or purchase price, and re-mortgages will also be considered.

The rate of interest will be 2 per cent over NatWest's own fluctuating base rate, with a minimum of 9 per cent.

The calculation will be on the annualised basis used by the building societies and not the day-to-day method used for normal banking advances.

For example, a person borrowing £35,000 now would pay interest at 18 per cent, equivalent to a true annual rate of 20 per cent, with a monthly repayment of £545. Front end fees of £223.65 would also be payable.

Mr. Maurice Denton, general

manager in charge of domestic banking at NatWest, stressed last night that the bank was only starting the mortgage scheme on "a low key basis. We shall attack this market with all our vigour once we are free to do so."

At present the clearing banks are being directed by the Bank of England to restrict their mortgage lending.

Barclays Bank has launched a scheme under which loans up to £50,000 will be available to new businesses, with security based only on the assets of the business. The loans will be available for five years and no repayment of capital will be required until the end of the term.

Top civil servants' posts reshuffled

By John Elliott, Industrial Editor

TWO of the top civil servants' posts in the Department of Industry are being reshuffled to improve the co-ordination of the Government's interest in the telecommunications and microelectronics industries.

At the same time the Government's policy of slimming down the size of the civil service is being taken a step further, with a reduction from six to five in the number of deputy secretaries employed by the Department.

These changes will come into effect by the end of the year and will follow the retirement during the next few months of two deputy secretaries.

They are Mr. Philip Ridley, who is responsible for steel, chemicals, and textiles, and Mr. Richard Bullock who is responsible for engineering and electronics, including the motor, industrial, and telecommunications manufacturing industry.

The main change will be that responsibility for the telecommunications and electronics industries is to be transferred to the deputy secretary who already handles the Post Office, which is a major user of the industries' products.

He is Mr. Roy Croft whose other responsibilities include the shipbuilding and aerospace industries.

The grouping of the telecommunications activities—including the general use of electronics in industry—within one division reflects the Government's growing interest in developing a co-ordinated approach to areas of high technology, especially information systems.

Ministers accept that the State must play a significant role in this area and the Prime Minister has approved the changes.

The rest of Mr. Ridley's and Mr. Bullock's responsibilities, including the steel industry, will be taken over by Mr. John Steele, 51, who has had a variety of posts in the Departments of Trade and Industry and is at present involved in international commercial relations and export development.

David Fishlock looks at a £2.5m joint development programme Search begins for intelligent robots

THE SCIENCE Research Council yesterday announced a commitment of £2.5m to a joint effort between universities and industry in Britain to leapfrog present robot technology and develop a new generation of industrial robots.

GEC-Marconi and Lancing Baguail are the first industrial groups to participate in the programme.

In each case, the aim will be to develop a generation of intelligent robots from the standpoint, respectively, of a potential large-scale user of robots and a potential robot manufacturer.

Intelligent robots will be essential for the automated assembly of electrical and electrical systems, says Mr. Lawrence Clarke, Marconi's technical director responsible for automation.

Mr. Clarke says no robot now available is mechanically accurate enough for the assembly of electronic systems involving silicon chips.

GEC-Marconi, which has its own research programme into automated assembly of electronics, will collaborate with Hull University on interactive automatic assembly.

Lancing Baguail, the factory truck manufacturer, sees a future for a free-roving automated industrial truck. It is collaborating with Warwick University in a venture based on a tracked robot called Commander Bill, developed by the university.

A third partnership is being established between Nottingham University and the Production Engineering Research Association.

The Science Research Council has committed about

£425,000 to these three projects, said Mr. Peter Davey. He is responsible for the council's programme of research in industrial robotics, which is being co-ordinated from its Rutherford Laboratory in Berkshire.

Mr. Davey's job is to develop a community of interest in robotics, to encourage companies to participate, and to assist the transfer of research results to industry, said the council yesterday.

Its Engineering Board plans to make at least £500,000 a year available for the next five years. The programme's initial objectives lie with industrial manufacture and distribution rather than with robot controlling or diving systems, which are seen as longer-term objectives.

Mr. Davey, recruited by the

council from Oxford University to set up the programme, says it is already too late for British industry to attempt to embellish the present generation of "blind, deaf and dumb" robots.

But he sees an urgent need for robots that are about one quarter the present cost, faster, more accurate and more reliable, and "tolerant of disorder so that they can muddle through when things are not quite right."

He is looking for industrial companies ready to participate with polytechnics, or universities and willing to put up about 25 per cent of the research cost. The British Robot Association, trade association of robot manufacturers, plans to canvass industry with details of the project.

Lombard, Page 14

North Sea development policy 'could hit future explorations'

BY RAY DAFTER, ENERGY EDITOR

PHILLIPS PETROLEUM, the U.S.-based oil group whose North Sea field development plans may be delayed by new Government depletion measures, has warned that the policies could hit future exploration work.

The company is operator for a consortium which wants to begin the \$1bn-plus development of the Tonia, Theuma and Tiffany complex of fields. Mr. David Howell, Energy Secretary, said on Wednesday that this development, together with British National Oil Corporation's Clyde Field project, might be held back in order to help regulate the rate of North Sea oil production during the mid-1980s.

Phillips, confirming that it was having discussions with the Energy Department, said that executives were concerned that

any delay could hit the fields' economics. "Such a policy could also have a detrimental effect upon future exploration activity throughout the UK because large exploratory costs must be recovered by placing fields on production."

The company added that a detailed development programme would not be submitted to the Energy Department until further appraisal drilling had been conducted on the "T block" which contains the three fields. Phillips and its partners—Petrobras, Agip, Century Power and Light, and Oil Exploration (London and Scottish Marine Oil)—are currently drilling two appraisal wells on the block, number 16/17.

There was a mixture of opinions within the offshore industry yesterday about the

newly announced policy of delaying the development of some fields discovered after 1975. Mr. Howell has said that each project will be viewed on a field-by-field basis.

Some share Phillips's view that delays could push up costs and reduce profitability. Others pointed out that, with oil prices rising in real terms, a delay could be to the benefit of some companies. Many would prefer a policy of delayed projects—with operators being allowed to produce at maximum potential once the field was on stream—to a depletion strategy based on uncertain cut-backs in field production levels.

BNOC, as operator of the Clyde Field, would say no more than that officials were in discussion with the Energy Department.

SLP wins £18m Marathon order

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE Lowestoft-based SLP Group has won an £18m contract from Marathon Oil for three modular units to house production processing equipment in the North Sea Brae field.

The units will be built at SLP's new Hamilton yard in the outer harbour at Lowestoft. They should guarantee continued work for the group's 750 employees at yards in the Lowestoft area.

The modules, to be installed on Brae's production platform, 155-miles north-east of Aberdeen, are scheduled for completion in 1982. Charlton-

Leslie Offshore of Tynside has also won an £18m Brae contract for three modules.

British manufacturers of oil and gas burners have appealed to heating engineers to buy British in retaliation for what they see as growing protectionism by other countries, writes Maurice Samuelson.

They claim that orders are going mainly to Italy, Sweden and Germany. But British manufacturers are sometimes not even approached to quote.

One of the manufacturers, Mr. Malcolm Dunphy, managing director of Dunphy Oil and

Gas Burners of Rochdale, said yesterday that British companies were not getting "a fair crack of the whip" even when they were offering cheaper and superior equipment.

In Britain different rules were being applied and some consultants and local authorities specified they wanted foreign-made burners.

In a letter sent to Ministers, MPs, nationalised industries, local authorities and professional bodies, the manufacturers say they make the world's best burners without hidden tax concessions or low cost labour.

ICL to offer new computer link system

BY GUY DE JONQUIERES

INTERNATIONAL Computers Ltd (ICL) is to offer its customers a new technique for building sophisticated communications networks linking computers with a wide variety of terminals.

Dr. Chris Wilson, ICL's Managing Director, said the network technique, known as Information Processing Architecture (IPA), would provide the focus for the company's development strategy for the next decade.

It would allow ICL to take full advantage of the commercial opportunities opened up by the increasing convergence of computer technology and telecommunications, particularly in the field of electronic office systems.

The announcement comes as

the Government is still pondering whether to allow American computer companies to compete against ICL in bidding for a £150m order for the computerisation of the Inland Revenue PAYE operations.

The project calls for installation of a vast network of up to 20,000 terminals linked to 12 computer centres. But ICL would not confirm yesterday whether it planned to propose to the Inland Revenue a system incorporating IPA.

Most other big computer companies already offer standard communications networks. This is thought to have given them a competitive edge over ICL, which has had to improvise solutions on a case-by-case basis for customers who required

communication links between remote computers.

But ICL claims that IPA is superior to other network methods, notably IBM's Systems Network Architecture, in several respects. It is designed to accommodate any type of computer, not just ICL machines, and to meet all existing and planned international standards.

David Churchill writes: Laskys, the High Street hi-fi chain, yesterday moved into the expanding home and business micro-computer market with the acquisition of a small Liverpool-based company already retailing micro-computers.

Laskys said it had negotiated to buy, for an undisclosed sum, a private company called Micro-

digital to provide the expertise for sales through Laskys' 40 stores in the UK.

Mr. Peter Klein, Laskys managing director, said the micro-computer market was "a natural extension of our growing hi-fi and video business and it is our intention to develop the business and establish micro-computer departments in our major stores."

Laskys will face considerable competition from other retailers such as Currys, which are already expanding into selling micro-computers for home or business use. Some trade estimates suggest that the total market for these small computers could be worth as much as £500m by the mid-1980s.



Spending likely to stagnate

By David Marsh

THE VOLUME of consumer spending has fallen sharply during the last few months and looks set to stagnate during the rest of the year as the recession squeezes real incomes.

Sales during the first half of 1980 have still, however, kept slightly ahead of the 1979 average. Although the car industry has been particularly hit by falling demand, the consumer sector as a whole so far seems to have escaped the full impact of the economic downturn.

Figures published yesterday by the Central Statistical Office show the volume of spending fell 3 per cent during the second quarter compared with the first three months of the year.

Total consumer expenditure at constant 1975 prices, seasonally adjusted, was estimated at £17.5bn. This was around the same as the second half of last year, and compares with the 1980 first quarter figure of £18bn.

More than half of the second quarter fall was accounted for by a 33 per cent drop in wines and spirits sales. This reflected the large sale buying of alcohol in the first three months ahead of increases in drinks duty in the March Budget.

A 20 per cent seasonal adjustment in car registrations also contributed to the decline. This followed a buoyant first quarter in which many manufacturers cut prices to boost turnover.

Demand has also fallen lately for a wide range of other goods and services. Clothing and footwear sales have fallen in spite of big price-cutting promotions by retailers.

Bear sales have fallen by around 4 per cent during the past quarter, mainly because of the unseasonable weather, and tobacco spending is also down.

The volume of durable goods sales does not appear to have dropped significantly—perhaps because of price cutting in the stores.

Because first-quarter consumer spending was quite buoyant, expenditure in the first half of this year is still nearly 1 per cent above the 1979 average.

Spending for the year as a whole is generally projected as being little changed from last year—although most forecasters are predicting a fall of 2 to 3 per cent in gross national product.

Lisa Wood adds: Higher earnings have contributed to an expected £887m surplus in the national insurance fund by the end of the year, compared with a surplus of £46m forecast in a report last November, says a Government report.

The Government's Actuary report says the surplus for 1979-80 was estimated at £200m but had now increased to £887m.

"Higher earnings, thus assumed, higher than expected receipts of State Pension premiums and lower than expected expenditure on sickness benefit are the main reasons for the higher surplus," says the report. It includes the order on benefit increases due this November.

(Report by the Government Actuary on the draft of the Social Security Benefits Tax Rating Order 1980)

Discrepancy over value of Fodens

By John Griffiths

THE WIDE gulf between Fodens receivers' view of the Cheshire truck maker's value and that of the only declared potential purchaser, the T. J. Richardson group, became fully apparent yesterday.

Before a meeting in London yesterday with Sir Kenneth Cork, one of the joint receivers, Mr. Roy Richardson, joint chairman of the Oldbury, Birmingham-based property and motors group, had said he expected to be able to buy Fodens for no more than £10m.

"Sir Kenneth was very frank," he said afterwards, "but he discussed figures between £30m and £40m. Our group do not consider Fodens worth anywhere near this figure."

Mr. Richardson said the group was not abandoning its offer.

It expected to receive more information on Fodens overseas investment and military contracts before deciding whether to raise it.

He claimed that because of the current truck industry recession, "the receivers will have to decide quickly whether to continue to run Fodens as a company or close down and sell it off piecemeal. Time, therefore, is on our side."

But Sir Kenneth made it clear that he did not consider Richardson to be a serious contender.

While a full evaluation of Fodens assets had yet to be made, their sale debts-free would require well above Richardson's likely limits.

"There are 50 acres of covered property, one of the most modern plants in Europe and £20m worth of work in progress."

"The service department alone made £4m last year. Mr. Richardson is far off the mark," he declared.

Sir Kenneth said that details of Fodens business had been supplied to a number of interested parties, including contacts yesterday with what he described as a "major U.S. international manufacturer." But there was still "nothing concrete. There have been no formal offers; at this early stage I wouldn't believe it if even I got one."

Pension fund to put cash into factories

BY OUR OWN CORRESPONDENT

A £3m VENTURE to boost advance factory building in Wales has been agreed in principle between the Welsh Development Agency and the Miners' Pension Fund.

The deal is the first stage of a new agency policy to attract private sector cash into factory building in the principality.

The agency says the new source of cash will help maintain the pace of factory building at a time of Government cash cutbacks.

Mr. Ian Gray, WDA managing director, said it was hoped the pension fund deal would be the first of many. "We have a number of other promising deals being lined up with the private sector."

The deal with CIN Properties, which holds the property investments of the coal industry pension fund, will provide nursery, factory and warehouse building.

The agency will conclude a sale and leaseback arrangement with CIN Properties and undertake day-to-day management of the factories.

The agency is also selling four existing factories for more than £1m, as part of its efforts to raise private sector funds.

Meanwhile, the agency's annual report, out yesterday, showed that factory space covering a record 1.2m sq ft, eventually expected to provide 5,000 jobs, was allocated to companies in Wales last year.

The report showed that last year the agency spent £61.3m in the principality.

The Welsh Development Agency is suing three more former directors of the company in which it made its biggest ever single investment, of £2m.

The agency is claiming damages from the former directors of P. Leiner and Sons of Treforest, a leading British manufacturer of gelatine.

The agency confirmed yesterday that it was being served on the former group chief executive, Mr. Ernest Osman, on Mr. Allan Henry, former company accountant and on Mr. Ian Hughes, former sales director.

Prison overcrowding worsened in 1979

BY ROBIN PAULEY

OVERCROWDING in Britain's prisons continued to worsen last year, with a record 16,885 prisoners sleeping two or three to a cell.

The daily average prison population also reached its highest level at 42,220, 424 above the 1978 average. The population reached its peak of 43,036 in November, according to the Home Office's latest report on the Prison Department.

The total cost of running the prison service, less receipts, in 1978-79 was £285m, an increase of £43m on 1977-78. The average cost of keeping an inmate in prison for a week was £113, ranging from £232 for top security to £80 for a place in an open prison.

The costs would be much higher without income generated by prison workshops and farms. Farms earned £36m last year.

Mr. Denis Trevelyan, director-general of the prison service, says in the forward to the report: "No one who has read the report of the May Committee of Inquiry into the prison service can doubt the magnitude of our problems—the chronic overcrowding, decay of buildings, poor conditions for staff and prisoners and the deterioration of industrial relations over many years."

Report on the work of the Prison Department 1979 (Cmd. 7965) HMSO £4.

New confidence in silver

THE SILVER market has shrugged off the uncertainty caused by the wild fluctuations in its bullion price last winter, judging by the prices paid at an auction of English silver at Sotheby's yesterday which totalled £332,288 with a reasonable 11 per cent bought in. The top price, and over twice the estimate, was the £21,000, plus the 11.5 per cent buyers premium and VAT, paid by Spink for a James II porringer and cover with Chinoiserie decoration.

Other high prices were the £13,500 from Koopman for a canteen of George IV Kings huss pattern table silver, 124 items in all; and £11,500 for a set of eight George III table candlesticks by John Scofield, bought by S. J. Phillips.

Government troubles following end of the corset

Peter Riddell on a perennial problem of monetary policy

A PERENNIAL problem of monetary policy is that whenever the Government's attempts to control a major component of the money supply the result is evasion.

This distorts the monetary statistics on which the policy is based and makes it more difficult for the Government and the markets to judge underlying trends and to reach a view on interest rates.

This is the case following the end of the corset controls in mid-June. The corset laid down limits on the growth on the interest-bearing eligible liabilities of the banking system, a large part of their deposits.

The result was to encourage a shift of the banks' operations. This mainly took the form of a diversion of lending into acceptance credits or commercial bills held outside the banking system.

This was a form of lending—otherwise known as the bill leak—which escaped the controls and did not count within the figures for sterling M3, the broadly defined money supply.

The authorities did not attempt to plug this gap largely because it was measurable and readily identifiable. Any further controls might have led to unquantifiable evasion elsewhere in the system.

It was estimated that this leak was equivalent to about 2 to 3 per cent of sterling M3 and City analysts took this into account.

Less account has, however, been taken of possible changes in the composition of bank lending. There is evidence that banks allowed lending to local authorities to decline relative to advances to the private sector.

Local authorities have borrowed either from central Government or, more significantly, from the money markets. Companies have, for example, been increasing their deposits with local authorities.

The end of exchange controls last October opened the further gap of borrowing in sterling overseas. The banks gave an undertaking to the Bank of England that they would continue to observe the spirit of the corset controls and not exploit this loophole. But some leakage has probably occurred.

It was always expected that some of this lending would be switched back within conven-

tional channels and within sterling M3 once the corset ended.

City analysts were, however, uncertain about how large and how long the switching would be. However, on Monday Mr. Gordon Richardson, the Governor of the Bank of England, told a Commons committee that the impact of the end of the corset could be "swifter and more substantial than has been thought likely."

There are already indications that some of the switching occurred in the banking month to mid-July. This will inflate sterling M3 in the period and possibly ensure the annual rate

of growth remains above the 7 to 11 per cent target range.

Leading monetary commentators and stockbrokers, W. Greenwell, now believe the impact of the end of the corset is likely to be greater than previously estimated. The total could amount to as much as 4 per cent of sterling M3.

"If this occurs, the implication will not be that current monetary growth is excessive but that past monetary growth has been more excessive than was realised at the time," the brokers say.

The key question is whether this should be treated as just a temporary once-and-for-all blip or whether the authorities should attempt to compress the rate of monetary growth back within the target range.

The Government favours the former view because it feels it

would not be sensible to rein back the money supply just because the anticipated switch in lending has occurred faster.

This view applies very much to the next two or three months money supply figures. The overall position will be reviewed in the autumn when the Government has to decide on the rollover of the monetary target for the following 12 months. The problem is that any boost to sterling M3 as a result of the end of the corset will raise the base for the next target period.

Most City analysts support the official view because of the deep by the anticipated faster demand for credit, and therefore believe M3 will fall this year. Cynics say that, in spite of official claims the growth of the money supply is still not demonstrably under control.

There is a wide range of other goods and services. Clothing and footwear sales have fallen in spite of big price-cutting promotions by retailers.

Bear sales have fallen by around 4 per cent during the past quarter, mainly because of the unseasonable weather, and tobacco spending is also down.

The volume of durable goods sales does not appear to have dropped significantly—perhaps because of price cutting in the stores.

Because first-quarter consumer spending was quite buoyant, expenditure in the first half of this year is still nearly 1 per cent above the 1979 average.

Spending for the year as a whole is generally projected as being little changed from last year—although most forecasters are predicting a fall of 2 to 3 per cent in gross national product.

Lisa Wood adds: Higher earnings have contributed to an expected £887m surplus in the national insurance fund by the end of the year, compared with a surplus of £46m forecast in a report last November, says a Government report.

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"Higher earnings, thus assumed, higher than expected receipts of State Pension premiums and lower than expected expenditure on sickness benefit are the main reasons for the higher surplus," says the report. It includes the order on benefit increases due this November.

(Report by the Government Actuary on the draft of the Social Security Benefits Tax Rating Order 1980)

Steel marketing pact wanted

BY ALAN PIKE

STEEL STOCKHOLDERS are to meet Mr. Ian MacGregor, the new chairman of the British Steel Corporation, within the next few weeks to demand a mutual interest pact of steel marketing.

The National Association of Steel Stockholders is concerned that Mr. MacGregor's determination to adopt an aggressive marketing approach should not conflict with the interests of the stockholders, whose importance was highlighted by the winter's national steel strike.

BSC holds around 11 per cent of the steel stock market through its own stockholdings and NASS is anxious that this percentage should not increase. Nearly 40 per cent of steel used in the UK comes from stockholders.

"Mr. MacGregor has said he wants to run his mills at a high activity level. We want him to produce British steel and we the stockholding industry will try to sell more British steel," said Mr. Richard Rawlins, NASS executive director.

Imports of foreign steel are running at a very high level in the afternoon of the steel strike, but NASS says it has evidence that long-term import relationships have been established as a result of the dispute.

There is the prospect that stockholders could increase imports if they feel they are facing unreasonable competition caused by a change in BSC marketing policy.

The latest post-strike figures from NASS indicate that 26 per cent of stockholders are currently holding excess stock, 11 per cent have too little, while the remainder are getting back into balance.

NASS has written to Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation, and will also tell Mr. MacGregor that it is totally opposed to union demands for a 10 per cent cut in BSC prices as a swift means of stimulating demand for British steel. The association has told Mr. Sirs that a highly-publicised cut in BSC prices would provoke retaliation on a world-wide scale.

The EEC Commission yesterday announced another round of grants totalling more than £1.5m to assist workers re-adapt to modernisation or closure in the steel industry. Yesterday's grants will help provide training, pensions and redundancy payments to employees in the private steel industry in Sheffield and the West Midlands.

Methods to curb public expenditure criticised

By Robin Pauley

A STRONG attack on the Government's "crude and unsophisticated" weapons against public sector spending is made today by Mr. Noel Hepworth, director of the Chartered Institute of Public Finance and Accountancy.

"The Government particularly wishes to avoid any increase above planned levels in the size of the public sector," borrowing requirement and to discourage any concessions by public sector employers to high wage demands," he writes in Public Finance and Accountancy.

But Central Government had only crude and potentially damaging weapons, an example being the way in which local government spending levels were being judged.

Local authorities have been asked to refile their 1980-81 budgets by next week with the aim of showing a cut of 2 per cent over 1978-79 actual expenditure. But that method turns authorities otherwise judged to be underspenders into overspenders, and vice versa.

"Central Government's attitude to cash limits reflects its determination to control inflation. Those affected argue that cash limits, when judged by the considerations of cash flow control, are inadequate and that what the Government is really doing is achieving, by the back door, cuts which it would not otherwise have dared to seek," he argues.

Mr. Hepworth implies that local authorities and their treasurers ought to think carefully before deciding how to react to the latest method of judging overspending.

"The danger of unsophisticated reactions to complex problems is that fundamental damage may occur," he says.

Meanwhile, the Confederation of British Industry is stepping up its campaign for cuts in council spending.

Mr. Bryan Rigby, deputy director general, told Mr. Tom King, Local Government Minister, yesterday that "irresponsible action" by local authorities should not be allowed to undermine the Government's overall economic strategy.

Industry must be protected from the "crippling burden" of business rates.

Andrew Fisher on the Government's proposed insolvency procedures Streamlining the way to bankruptcy

BY SIGNALLING its intention to tidy up Britain's bankruptcy procedures, the Government may well have caused annoyance in the accountancy profession.

Its proposals to simplify bankruptcy administration, dating in its present form back to the 1880s, are mainly concerned with reducing the work of the Official Receivers and saving several million pounds a year.

But in formulating its new scheme, it has set aside the recommendations of the Insolvency Law Review Committee, which was set up three and a half years ago to look into individual and corporate insolvency and which has produced a special interim report on personal bankruptcy.

The Government seeks to amend the bankruptcy laws so that most of the work is done by private receivers. Legislation is likely to come in during the 1981/82 session of Parliament, with the new procedure in operation around the end of 1982.

This, it is hoped, will reduce the staffing in the Insolvency Service at the Department of Trade by about 570 people over three years, saving £3m a year.

Instead of more than 30 Official Receivers in 35 regional offices, there would be fewer than 10, with only five offices. Thus the Official Receivers, who are employees of the Department, would be taken right out of the personal bankruptcy procedure.

In its Green Paper, or con-

sultative document, on the subject, the Department said the new proposals, under which bankruptcy petitioners would have to meet receivers' costs themselves, would cut down the work of the courts.

But the Official Receiver would continue his present work on the compulsory winding-up of companies in financial trouble.

And to protect creditors' rights, the Government will keep the slimmed-down procedure under official control.

The private receiver, presumably from one of the accountancy firms which specialises in insolvency, would be supported by the court's authority and the Department of Trade would still have a supervisory role.

The Insolvency Committee, chaired by Sir Kenneth Cork, a former Lord Mayor and partner in the W. H. Cork Gully company of insolvency specialists, is to make its final report next spring.

Although Sir Kenneth declined to comment on the Government's proposals, the committee is known to feel its own simplified scheme would be better, and also reduce the burden on the courts.

In its interim report yesterday, the committee described the present bankruptcy machinery as "replete with technicalities and anomalies."

It did not work efficiently, from the point of view of the insolvent debtor, his creditors,

or the public interest. "The system is, without any doubt, in need of overhaul," the committee added.

Underlying the present system, wrote the Cork Committee, is "a strong undercurrent of what can conveniently be described as retributive and punitive justice towards the debtor."

Early in the proceedings, it went on, "he is classified as a bankrupt, with all the disabilities and penalties as well as the stigma in the eyes of the community which is implied by that status."

What the committee had in mind, therefore, was to take the small debtor, whether down on his financial luck or plunged into debt by business difficulties, out of the bankruptcy system.

It also referred to the recent problem of the consumer debtor, over-tempted by the fascinating array of credit now available, whose resulting insolvency stems from "a general irresponsibility and muddle on his part."

By reserving "the rigours of

bankruptcy" for serious cases, whether judged by size, by the presence of misconduct, or fraud, or by previous lack of co-operation from the debtor, the committee reckoned the present yearly level of 3,500-4,000 bankruptcies could be cut to well under 1,000 involving the Official Receiver.

Instead of the present administration order system, the committee proposed a Debts Arrangement Order (DAO) for debtors with few assets but with earning capacity.

This, it felt, "should appeal to most debtors who at present file their own petitions in bankruptcy or who are the subject of small bankruptcies generally."

Compared with the present yearly average of 2,000 administration orders, the committee thought there could be as many as 10,000 DAO's a year. It also favoured better voluntary arrangements for debtors with assets.

While supporting its view that reform of the personal bankruptcy structure is needed, the Government said the Cork Committee's recommended procedures would require a large trained staff, as would a continuation of the present system.

Thus the Government has, instead, taken the cost-cutting road, in line with its aim of trimming back the size of and expenses involved in running the Civil Service.

The limited reforms introduced in 1976, including

the sharp rise in deposits payable by creditor and debtor petitioners, had already cut the number of cases brought into bankruptcy by 40 per cent "with no adverse consequences."

The Committee pointed out, however, that bankruptcy proceedings had doubled to nearly 7,000 in the 10 years to 1975; the later reforms reduced the caseload only to roughly what it had been in 1973.

One leading insolvency specialist, Mr. George Auger of accountancy group Stoy Hayward, questioned whether the Government was making the right sort of economies in the bankruptcy system.

"The price of the insolvency service is cheap for society to pay for the filtering activity, which is a very valuable process," he said.

While not having had a chance to make a full study of the proposals, he felt the Government should have waited for the full report of the Cork Committee, especially in view of its wide-ranging brief and the EEC bankruptcy convention, soon to be introduced by all nine EEC members.

Another insolvency expert said the Government's proposals looked unattractive for the accountancy profession. They would, he believed, put off potential petitioners, who would have to underwrite the private receivers' costs, and thus lead to fewer formal bankruptcies but possibly more financial irresponsibility.

British Celanese to lose 226 more Spondon jobs

FINANCIAL TIMES REPORTER

BRITISH CELANESE, part of the Courtaulds group, is to make 226 more people redundant, in addition to the 750 announced last month, at its plants at Spondon, near Derby.

The company is closing two subsidiaries, the Derwent Dyers and Celon plants, and is to stop making acetic acid.

After the redundancies, British Celanese will still employ 3,800 people. A few years ago the total was 6,000.

About 90 jobs will be lost in Walthamstow, London, with the closure by Tootal, the textile group, of its Rael-Brook warehouse. The administration and warehousing of Rael-Brook, part of Tootal's clothing division, will be transferred to the North West, where the group

has been concentrating its activities.

● Sir Raymond Pennock, president of the Confederation of British Industry, yesterday urged employers to make a special effort to help jobless school leavers. He is writing to CBI members asking them to recruit as many young people as possible, and to step up offers of six-month periods of "work experience" under the Government-backed Youth Opportunities programme.

● Strongpac, a Dutch company manufacturing plastic bottles for soft drinks, is opening a new factory at Corby, Northants, which will mean nearly 100 jobs in a town with an unemployment rate of 15 per cent.

Order for Euroseas director

By Raymond Hughes

A DIRECTOR of Euroseas Securities, faced with a £257,000 claim by the company, was ordered by a High Court judge yesterday not to remove any of his assets from the UK.

The order, effective until Tuesday, was made in the absence of Mr. Naqem Hameed Shaikh who, said the Vice-Chancellor, Sir Robert Megarry, could apply to have it cancelled or varied.

Mr. Michael Kennedy, for the Liquidator of Euroseas Securities, said investigations had shown that the company was owed more than £2m by other companies in the same group.

Unemployed may rise to 3m by 1982 in line with output dip

THE BRITISH slump over the next couple of years will be as bad as that of 1929-32, with large parts of Britain's industrial heartlands laid waste, says Mr. Brian Reading, an economic commentator.

In a circular for stockbrokers Bone Fitzgerald and Company, Mr. Reading highlights forecasts prepared by the ITEM Club which uses the Treasury's economic model.

These projections indicate that output, as measured by real Gross Domestic Product, will fall as sharply up to 1982 as 50 years ago.

Unemployment will rise just as fast as then, to around 3m. Because of the increase in the

working population the percentage rates will be lower.

Mr. Reading says that unless monetary policy changes behaviour it is more harmful to the economy than incomes policy.

He says there is no evidence yet to suggest that monetary policy is changing behaviour, while public spending cuts have been crude and damaging.

Consequently, a new initiative is required this autumn. This should involve a reduction in Value Added Tax from 15 to 10 per cent, a cut of a tenth in North Sea oil price, a freeze on public sector charges and prices, a cut in Minimum Lending Rate to 10 per cent and a 5

per cent ceiling on public sector pay rises.

Gloom about unemployment outlook is now general. For example, Mr. Walter Ellis of Oxford University writes in a Rowe and Pluman circular that there is now a near certainty of "up to 2.5m unemployed for several years" on present monetary policies.

Brokers Capel-Cure Myers say unemployment will reach, and possibly exceed, 3m by the middle of the decade. The brokers believe there could be a change in the regional balance with the sharpest increases being in the south of England rather than in traditional areas of high unemployment.

Malawi Skyvans order

SHORT BROTHERS of Belfast has won a £2m contract from the Government of Malawi for three Skyvan light transport aircraft with spares.

The aircraft will be flown by the national airline, Air Malawi, and are additional to a Skyvan ordered for the Malawi police force last December.

The deal brings total Skyvan sales to 136 aircraft to 44 operators in 30 countries. The Skyvan transport is complementary to the Short Brothers' two passenger transports, the 30-passenger 330 which is also selling well and the bigger, 36-seat type 360 aircraft, recently announced.

Beauty and the Beast

One day, a nasty beast decided to play havoc on the road! He changed around a signpost so that any unsuspecting driver would find himself in a twisty little lane.

He sat back and waited. Along came a real beauty, a SAAB 900 GLS, driving happily along in glorious sunshine. The beast rubbed his hands with glee as the SAAB turned off into the lane. Hidden there was a whole bag of tricks - a hairpin bend, an unexpected flooded stream, various potholes, a hump-back bridge, a steep hill, a nasty left-hand corner with a sheer drop on one side, loose chippings and rust-bugs lurking in the hedgerows.

The beast waited for the sound of skidding, tyre squealing, sharp braking, anything that would be music to his evil little ears.

But all he heard was the smooth sound of the beauty, still driving happily along, negotiating all the problems without so much as a care in the world. Little did he know about how much care had gone into the making of the beauty. Little did he know that the SAAB 900 GLS was renowned for its roadholding, handling and performance, its confident feeling of comfort and safety, whatever the unexpected conditions, whatever the weather. The sheer beauty of precision roadcraft.

Poor beast - he'd been foiled at last - proof that SAAB care really succeeds!



SAAB 900 GLS

Try it for yourself, at your local dealer now.

SAAB (Gt. Britain) Ltd.,
Saab House, Fieldhouse Lane, Marlow, Bucks SL7 1LX Tel: Marlow (06284) 6977.
SAAB Export Enquiries Tel: 01-491 2905.

Designing Morcambe gas field facilities

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20's PRICES.

From £5,490.*

The surprising thing about the Renault 20 range is the price.

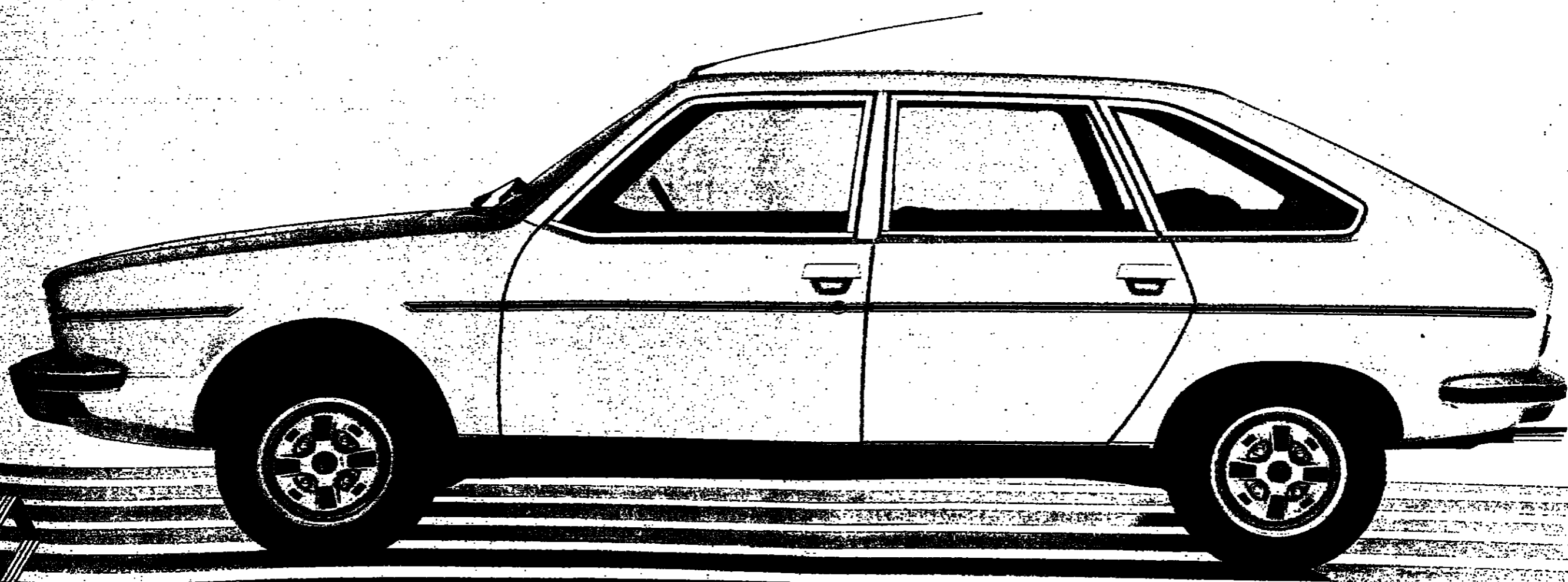
Although the three versions all offer a high level of equipment and performance, the prices start at an amazing £5,490.

Within the range you will find such refinements as power-assisted steering, 5-speed gearbox, electric front windows and centralised door locking, depending which model you choose.

The only way to decide which one you want is to go and take a look round at your nearest Renault dealer.

The Renault 20TL is available from £5,490, the LS from £5,950 and the TS from £6,668.

RENAULT 20



The Renault 20 range of 3 models includes the 1650cc Renault 20 TL from £5,490, the Renault 20 LS from £5,950 and the Renault 20 TS (featured) from £6,668. Prices include 15% VAT, Car Tax and Seat Belts. Number Plates and Delivery extra. (Prices correct at time of going to press.) For details of fleet sales, business and personal leasing or a brochure, write to Renault UK Ltd, PO Box 2, London W3. For export details write to Renault UK Ltd, Western Avenue, London W3. Ask any of our 460 dealers about low rate Renault Loan and Insurance Plans. West End Showroom 77 St Martin's Lane, London WC2. Renault recommend **elf** lubricants.

MANAGEMENT

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EDITED BY CHRISTOPHER LORENZ

Venturing out of a nickel-plated mould

Inco is spending an unusual amount of time and money nursing into the market the fruits of its research. David Fishlock reports

INCO, THE world's leading nickel producer, has just taken a bold decision which could change its product spectrum significantly during the 1980s. On the recommendation of Dr. Ray Decker, vice-president in charge of research and development, the Toronto-based board has committed substantial funds to commercialising new research-based ventures.

The company has allocated \$7m a year to MPD Technology, a subsidiary which acts as a nursery in which selected ideas from its own scientists are being costed. During the next five years the commercial potential claimed for them will be proved (or disproved) and production routes optimised. The decision to commit more resources to MPD, says Dr. Decker, followed "the risky business of diversification," published in Harvard Business Review last year (May/June 1979) in which the performance of new business ventures launched by about 200 companies was examined.

The study showed that new ventures are "not for the faint-hearted nor the impatient," says Roger Tharby, managing director of MPD Technology in Europe. It found that cash flow is unlikely to be positive in the first eight years, and that such ventures need an average of 10 years before they become profitable and 10-12 years before they can be expected to yield the kind of return one expects of mature businesses.

Scientists must by nature be both patient and optimistic. Far

from being deterred by these long periods of gestation, Ray Decker takes heart especially from the "classic" case of the 3M Company. For more than 30 years its top management has supported a corporate new-venture activity. In the 1970s 3M's new business venture division spun off new products and businesses aggregating sales almost equal to an average established 3M division.

Dr. Decker—a metallurgist, like many Inco top executives—has great faith in "supply economics"; in this case, in technologies helping to open up new markets. By the end of this year he will have spent about \$8m laying the foundations of MPD Technology since the late 1970s, using ideas and people from his three research centres, one in England and two in the U.S. His target is that by 1990 each new venture nursed to adolescence by MPD shall have sales exceeding \$50m, pre-tax profits of \$10m and an operating return on investment of at least 30 per cent.

Inco desperately needs to diversify out of the original commodity which built it into a group with sales of \$2.5bn last year. From its beginnings in 1916, the company has pioneered

most of today's uses for nickel. Two decades ago it had 70 per cent of the western world market. Today, although still market leader, its share is only 29 per cent. Not only have more suppliers entered the market, but nickel demand has become still more cyclical.

Ray Decker believes that Inco's considerable success in discovering new uses for nickel—new nickel-rich alloys for jet engines, chemical plant and cars, for example—encouraged other, less innovative producers to market nickel and undercut Inco's prices. Today it is one of half-a-dozen big producers. It spends \$16m a year on research at the centre and a total of \$40m on corporate R and D and engineering.

Freedom

Decker himself is chairman of a technology co-ordinating committee for the whole \$40m, on which sit executives from each of its four divisions. Each division pursues its own R and D and in addition commissions work from Decker's three corporate research centres on the customer-contractor principle.

The corporate laboratories are seen as the main fount from

which new research-based ventures are most likely to spring. For this reason MPD Technology—the letters stand for "materials, processes and devices"—has its home in the laboratories themselves. It was born in the U.S. laboratories in New York State, in 1976, and a parallel organisation was created at Inco Europe's laboratories in Birmingham two years later.

The European research centre, directed by Dr. Alan Folwell, specialises in two lines of research: materials and processes, and electrochemistry. It has spawned two of the five new ventures currently being nursed by MPD, and shares another with the U.S. scientists. Dr. Folwell stresses the freedom his scientists have to pursue research of their own choosing, in tandem with projects commissioned by the business divisions.

This freedom has been "very fruitful," claims Dr. Decker, who introduced the notion two decades ago. "It gives a real incentive to start something from the grass roots." As Alan Folwell sees it, the important factor is not to "over-manage." A list of the unsponsored lines of research his scientists are following is submitted to him at intervals. He admits that he finds it hard to curb his own

curiosity—to resist the temptation to inquire how an idea is progressing, until the scientist himself volunteers to talk.

It is MPD's job to monitor this research and help to win out schemes that might grow into new businesses. MPD itself is managed by scientists and reports directly to Dr. Decker, based in the U.S. As MPD divisions—as it prefers to call its new ventures—take shape they will continue to draw their technology from the research laboratories until they are strong enough to have their own, says Roger Tharby.

MPD, a team of 21, has been designed to nurse a total of six new ventures. In Birmingham it is nursing four at present, with a fifth taken care of in the U.S., and the sixth "coming up." The limit on the number of ventures was set by what the Inco board was prepared to make available by way of people and money to carry out this kind of intensive care for its entrepreneurs.

MPD should never be taken unawares by a proposal, says Dr. Derek Burr, its general manager. It expects to have followed any idea for two or three years before taking it into its own care. Each area of MPD has the freedom to draw its ideas from any part of Inco's research. It may think a British

idea will do better in the U.S. market, for instance.

Even at this stage each venture will have a business plan, "not too specific," drawn up by the man MPD has identified as the potential manager.

Once accepted by the nursery, MPD expects to cosset a venture for five years, unless it folds in the meantime. By then, although it will still not be profitable, it is expected to be sturdy enough to stand alone. At this point one of four things will happen: it might be declared a new division of Inco; it might be added to one of the existing divisions; it might be sold, if judged unlikely to meet the corporate criteria on sales and profits; or it might be judged to have failed. For the manager whose project fails there can be no guarantee of a new job but he will be "sympathetically considered," says Tharby.

Hurdles

Dr. Burr is confident that all four new ventures being cared for in Birmingham will prove a success. "These four are going to live." He believes they have already surmounted their biggest hurdles.

One aims to exploit Inco's

advanced technology of high-speed electrodeposition to make nickel foils and perforated foils to much tighter specification than can be managed economically by rolling. Potentially large markets include a new type of battery and "the best solar collector surface in the world."

Another, also British in origin, is called Tempres, and is based on techniques for forming very tough metals such as stainless steels and titanium alloys. It is exploiting new alloys exhibiting the property of "superplasticity" and new techniques for forming red-hot metal. The plan is for Inco itself to open up a market as a supplier of high-added-value components to the aerospace and defence industries.

Alloy Polymers is a venture based on the invention in Inco's U.S. laboratories of an engineering plastic—essentially polypropylene laced with carbon—which can easily be electroplated. The big targets for these "Cepres" plastics are chromium-plated trim for the car industry and for domestic plumbing, etc.

The fourth venture, Ergenics, draws its technology from both sides of the Atlantic. This project is based on facilitating the

uses of hydrogen gas as a fuel. It promises to take Inco into quite sophisticated systems for storing and compressing hydrogen, into heat pumps and other hydrogen-fuelled machinery, and into porous nickel electrodes for the large-scale manufacture of hydrogen by electrolysis.

These new business ventures, all born of Inco research, form one arm of the corporate diversification programme. The other two arms use mergers and acquisitions, where the initial cost is high compared with MPD's activities, but the risk is lower, and venture capital in support of new ventures outside Inco's expertise. Biogen, the genetic engineering venture based in Geneva, of which it has 24 per cent, is a good example of such an investment.

For MPD's ventures, the cost of entry into the market is relatively low, because the ideas, skills and technology base are all available inside the company. But the risk is high and the timescale is long. Dr. Robin Nicholson, managing director of Inco Europe, sees it tapping the talents of researchers who are not making good headway in research itself but show a flair for business.

As might be expected, Dr. Decker takes a more cautious view than his MPD executives of the chances of commercial success of new ventures. He expects 50 per cent to fail while in their care. But he expects those which survive five years of nursing to go on to commercial success.

If you want to know the tempo, ask an MEP

SMALL businessmen who want to launch themselves in other European markets or need to know what EEC laws affect them should get in touch with their friendly Member of the European Parliament. He or she is well equipped to help—better placed, in fact, than a national MP is to provide a similar service.

This was one of the messages to emerge from a recent conference in London organised by the European Democratic Group of the European Parliament, predominantly composed of British Conservative MEPs. The conference was designed to provide a forum at which MEPs could establish what British small businessmen are seeking in Europe and from the European Parliament.

The outcome was a mixture of expected suggestions, such as a special fund for financing small businesses, and surprises like a proposal for a common

time zone throughout the EEC to give businessmen more hours in which to make contact in other countries.

David Mitchell, the Industry Minister with special responsibility for small firms, reaffirmed his support for a sector that was the "backbone for a free Europe," but admonished small firms for having "barely started to tap the vast and rich market on our doorstep on the Continent." He also urged that just as small firms must ensure they influence policy makers in Whitehall and Parliament in Westminster, "so too they must use the machinery now available to do the same in Europe."

But for all the discussion of broad ideals in relation to the potential of a vast European market and the need to get a better balance between the numbers of small and large companies, it was more down-to-earth problems like the ad-

ministrative burden of Value Added Tax which preoccupied many small business representatives.

Stan Mendham, of the Cheshire-based Forum of Private Business, reckoned that a major preoccupation of his members was the VAT exemption threshold should be raised substantially. It has recently been lifted to £13,500 by the British Government, and David Mitchell has said he would have liked it to go higher. But he has also pointed out that Britain is now bound by previously agreed EEC regulations.

The conference was held partly as a response to the major U.S. small business conference that took place in Washington in January. But

it was also prompted by the reaction of small businessmen and their representatives when MEPs canvassed them earlier this year. "We heard a noise, but no message," said Fred Tuckman, MEP for Leicester and chairman and chief instigator of the conference. So a get-together was seen as a way of getting agreement on matters that could be focused on in the European Parliament.

Major gap

If the areas for action which finally emerged were somewhat broad and lacking in detail, this was largely due to the brevity of the conference; it lasted just one day and would have needed

a further session to put meat on the bone. The Washington conference lasted for the best part of a week.

However, a dialogue was clearly established between UK small business organisations and the MEPs. This in itself could prove to be a major step forward in enlightening the former to the possibilities that exist for them in the EEC, and to the problems with which they will have to contend. For it was clear that a major communications gap exists. Where does the small businessman find out about Europe?

This problem is not helped by some small business organisations blaming, for example, the Chamber of Commerce for failing in this area, while

Chambers of Commerce counterclaim that small business people just do not read the information with which they are already provided.

Six areas for action were agreed on. First was for specific EEC funds to be earmarked for British small business (although it was not made clear what such funds would be used for, or whether they should be allocated as a new fund or from existing funds).

Second, it was suggested that the European Democratic Group's recently constituted small business committee should produce a small businessman's guide to the EEC, giving information and advice on grants, loans and other matters, as well as ex-

plaining how to formulate applications and how Community decisions are reached.

Time zone

Third, an investigation should be made into whether the British small business sector is too small in relation to that of other EEC states: the viability of a uniform time zone should be researched; the working of patent law should be scrutinised and the effects of non-tariff barriers on trade should be investigated.

It was felt that a report should be produced on the experiences of the U.S. Small Business Administration and

that the EDG should also examine those areas, where needs for EEC finance were not being met. Finally, an investigation into documented instances of suspected bureaucratic or legislative excess was proposed.

Some division emerged among the delegates on the much-discussed question of a loan guarantee scheme, a concept already practised in several continental countries. The small business organisations appeared to be generally in favour, but banking representatives were largely cool. For his part, David Mitchell confirmed that the possibility of such a scheme was being examined, but he questioned whether, at a time when the government was trying to lower the level of bank lending it should embark on a scheme that would increase it.

Nicholas Leslie

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHÖETERS

PROCESSING

Solves X-ray plate storage problems

MADE BY Nemas Bv in The Netherlands and now to be made available in the UK by Micrologic Consultants, Basildon is a system which will reduce X-ray plates of sizes up to 17 x 14 inches to an accurate copy on 35mm film, achieving 100 per cent improvement at the same time.

The system, which can be used in daylight, employs a cathode ray tube mounted vertically upon which the X-ray plate is placed. A blank raster is scanned by the tube beam and the light spot produces results in a varying light output from the tube face as different film densities are encountered. Thus, each pixel of picture produces a light level and this becomes the input of a photomultiplier and a tone adjustment system. The output of the multiplier is then used via a lens/mirror system to scan a corresponding raster across the 35mm film.

Since the negative X-ray plate on negative 35mm film results in a positive image, chemical

reversal is used in processing to restore a negative of the kind the medical profession and other X-ray users are accustomed to. Viewing is on a microfilm reader.

The equipment, which costs £21,000, is aimed at hospitals where the cost of storing a large number of big X-ray plates is considerable, not only because the silver cannot be retrieved, but also because a great deal of space is taken up and large envelopes have to be purchased to keep the films.

It is also claimed that the image is improved in relation to the original plate so that diagnosis can be easier.

Given the present price of silver (£6.40 is recovered for every kilo of film) and taking all other factors into account, the company claims that the average hospital will recover the cost of the equipment within a fortnight.

More from Micrologic House, 40 Bowlers Croft, Crenes Industrial Estate, Basildon, Essex (0288 281450).

New electroplating line

AN ADVANCED electroplating line with a microprocessor-based control system has been supplied by W. Canning Engineering to a new factory for producing piston rings.

Wellworthy of Lymington, member of the Associated Engineering Group, is nearing completion of a £10m piston ring manufacturing unit at Belliver, Plymouth, believed to be the most sophisticated of its kind in the world. The Canning line hard chrome plates the periphery of piston rings, made of cast iron, for diesel engines. Various types of ring are produced at the Plymouth factory in sizes ranging from 2½ to 6½ in diameter.

The return type Glydair electroplating plant, 72 ft long, 26 ft wide and 15 ft 9 in high, has a double line layout with cross transfer unit, each "leg" of the line having a single transporter. For plating, the piston rings are mounted on mandrels. The transporter takes one mandrel per carrier bar,

with a total maximum mandrel and work weight of 100 lb. Plating vats accommodate two mandrels, each with independent rectifier control, and process time varies between three and 15 hours, depending on the type of ring. Hard chrome thickness is 0.007 to 0.016 in before final machining.

Unique to the plant is the microprocessor control system. Each transporter contains its own microprocessor which directs movement and ensures compliance with appropriate safety considerations. A pre-set controller independently controls the transporters and issues start/stop instructions to ancillary plant. This controller stores details of all the pre- and post-plating operations. After plating it computes the flight of the double line and puts it through the post-plating sequence including the cross transfer unit.

W. Canning Engineering, Gt. Hampton Row, Birmingham B19 3JS. 021 236 8821.

HANDLING

Moves bulk materials with ease

THE NAME Caterpillar has over the years been synonymous with construction equipment such as hydraulic excavators, tractors, scrapers, off highway trucks and so on. It is a name which may become equally well-known in the industrial bulk materials handling field because its owner, the Caterpillar Tractor Company of Peoria, Illinois, is backing a British designed machine which is based on its 235 hydraulic excavator.

This 360 degrees swing machine is being marketed by H. Leverton and Co., a wholly-owned subsidiary of UAC, and it has been designed to handle materials ranging from scrap metal to coal, iron ore, grain and refuse. It is stated that while the machine has been found to be particularly suitable for handling scrap metal it has shown equal efficiency (when fitted with the right accessories) when employed as a dredger or sludge handler.

Leverton says the 235 materials handler has been



The long arm of Leverton's Caterpillar 235 materials handler reaches down into a barge.

found especially suitable for loading and unloading ships, thus speeding turn round of vessels. In one case, about 1,500 tons of scrap metal was loaded into a vessel in 10 hours, thus allowing it to sail on the next tide. It can load road and rail vehicles with equal facility, it is claimed.

The machine weighs 46 tonnes, has a maximum horizontal outreach of 15 metres

and a height of just over 12 metres. With a standard arrangement it will reach a depth of 6.3 metres, but with attachments can go down to 15.2 metres and still provide 3 metres of ground clearance for dumping.

With what it calls a standard back hoe configuration the 235 is to sell at about £100,000, but arranged to deal with specific materials and problems of

handling it could cost as much as £135,000.

However the versatility of the machine is such, says Leverton, that together with the available range of configurations and special attachments, it could soon recompense for the initial financial outlay: materials can be placed precisely and transported fully employed with the minimum of waiting time.

H. Leverton, which is the

Truck goes all ways

STORAGE/RETRIEVAL system of R.W. Clifford has been designed and built with the use of four-way trucks, enables the company to hold up to 50 per cent more steel bar storage capacity, says trucks supplier, Sidetracker Engineering, Station Road Industrial Estate, Clowes, Chesterfield (0246 810855).

Four-directional travel on the Sidetracker GP truck is achieved by a separate set of

load wheels for forward and sideways motion, the driver selecting the direction by means of a single control lever. Change of direction is said to be fast—the time being virtually equivalent to the time it takes to operate a lever.

This particular truck, says the maker, provides one of the most economical forms of materials handling available for a situation where height and space restrictions limit a truck's manoeuvrability.

SAFETY

Takes samples of the air

INSTEAD OF the customary technique for personal air sampling in which the contaminated air is drawn into the unit by a pump, a system developed by Casella London makes use of a pre-evacuated aluminium container.

Air is admitted through an adjustable flow-controlling valve for periods ranging from 10 minutes to eight hours. The collected sample can then be analysed for components of interest, most commonly by gas chromatography or mass spectrometry.

The device weighs only 60

grams (2 oz) and is of course completely safe in flammable atmosphere since no source of electricity is needed. It is also considerably cheaper than pump instruments. Designed at the Medical Research Council, the container can be slipped into any convenient pocket while the tip of the plastic air-tube is positioned close to the subject's breathing zone.

A kit can be supplied containing six cylinders, two control heads and accessories. More from Regent House, Britannia Walk, London N1 7ND (01-263 8881).

ENERGY

More heat with less fuel

HIGHER COMBUSTION efficiencies, and a considerable saving in energy costs, can result in boilers where turbulators of a new type are inserted into the fire tubes, says AEW Energy, Walworth Industrial Estate, Andover, Hants (0264 61331).

These benefits are evident following installation of the turbulators in a boiler at Akzo Chemie UK at Gillingham, Kent, where there is a Thompson Cochran Multi-Pak B type, rated at 6820 lb/h steam at 150 psig.

It is a three pass, wet back installation, fired by a Hamworthy AW1-10 rotary cup, forced draft burner using 3500 sec heavy fuel oil. Approximate consumption before fitting AEW turbulators was 1m litres a year at an estimated cost of £100,000.

Turbulator strips were inserted in only one hour, plus two hours for replacing the boiler front plates and covers, undertaken by AEW's regional distributor, Bowden Brothers of Bromley, Kent. Boiler operation was interrupted for only one day. Immediate effect, says the company, was an increase of fuel combustion efficiency of 4.5 per cent measured by the temperature and CO₂ content of flue gases.

Although relatively new to

the UK, turbulators of the type supplied by AEW are much more widely used in the U.S. where they are rapidly replacing alternatives, such as baffles, spinners and other devices—some of which present back pressure, weight and incompatible expansion rate problems.

Formed in 14 gauge mild steel, they are shaped to present a many faceted surface to the flow of hot gases in the final pass of boiler fire tubes. Without back pressure or baffling effects, the turbulators create a high level of turbulence in the gas flow, preventing the formation of "hot cores" and forcing the gases into direct contact with the tube walls.

Heat transfer is greatly improved by this 360 degrees, evenly distributed release of heat into the tube walls. For each boiler installation, the length, width and angle of the turbulator faces may be varied to achieve optimum performance. Commonly, strip faces are formed into fanning 30, 45 and 60 degree bends.

Longer turbulators with some resistance to gas flow are often placed in the top tubes of boilers, with shorter strips in the lower tubes. This improves the distribution of hot gases, pushing them deeper into the system. Better water circulation within the body of the

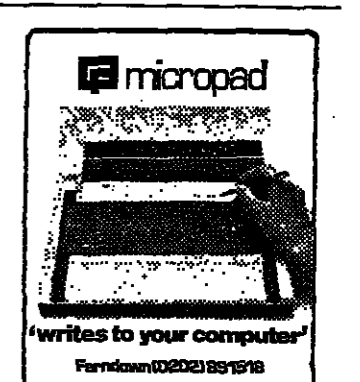
boiler is achieved, with greater mass circulation effect.

Problems of condensation in the lower tubes (which can occur when lighting a boiler from cold) are minimised and it is also claimed that the reduction of differential expansion achieved by more uniform heating extends boiler life.

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There are programs to deal with parts programming, pattern layout, minimisation of tool travel, and visual verification and documentation via the plotter. A final program will generate a specific format for a particular punch press, for feeding an NC punch.

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British Anzani—now the latest chapter

THE four-and-a-half thousand shareholders in British Anzani, the construction and property group which has struggled for survival since 1977, may be permitted a wry smile on hearing news that some accounts are finally on the way.

It will not be the first time that such a tantalising prospect has been held out by a group whose shares have been suspended for the best part of three years and which has given little or no insight into the efforts made to keep Anzani going.

But it really does seem that shareholders could soon be receiving some hard information about a business which has been to the brink and back but which can now—with their approval—look to expansion and talk of equity funding plans to help build a new future.

Not only should they have detailed accounts for 1977-78 and 1978-79 dropping through their letterboxes within three months but they will be learning of a sequence of events every bit as interesting as the long-lost figures.

It now appears that Anzani is within grasping distance of sorting out a tangle of affairs and characters which has gone on behind the scenes since the group announced in November 1977 that it was negotiating for survival with some of its creditors.

Numerous debt-reducing deals (as well as a few directors) have since passed under Anzani's particular bridge, but a recovery programme is well under way and shareholders should soon enjoy the rare experience of

again participating in their company's affairs.

At the centre of the "new look" Anzani, which has not yet freed itself from a troublesome past and has some way to go before talk of profitable trading can be resurrected, are the two men who between them own and run Connaught Property and Land.

One of them is Mr. Michael Morris, a property man who was last seen in public when he was at the Guardian Bank and who, when it failed in 1967, personally saw to it that depositors were repaid £200,000 from his own resources. His partner is builder Mr. Kenneth Fincken and the two men set up Connaught about two years ago. Their involvement in Anzani's life-saving operation is being equally shared with interests represented in the shape of the Savings and Investment Bank of the Isle of Man.

Anzani started life as a manufacturer of outdoor motors and agricultural equipment and turned its hand to property in the late 1960s. It was property which brought the group to its knees and, in a bid to clear heavy debts and eliminate losses, Anzani embarked on a disposal programme which left it with a net asset value below the 15p suspension price. Little property to talk of and a business confined to civil engineering, building and some asphalt and plant-hire activities.

Mr. Morris and Mr. Fincken first took an interest in Anzani towards the end of 1979 when

they were looking for run-down businesses thirsting after finance. They found Medway Secondary Metals, an Anzani subsidiary which appealed to them as a dealing operation, albeit in scrap and not property.

The deal ran into delays and was only completed when Connaught agreed to pay out the company's bankers rather than buy it with the existing overdraft. It is understood that the total sum involved in the purchase amounted to about £460,000 including debt repayments. The deal was concluded in early February.

A few days later, the board of Anzani approached Connaught to see if it was interested in helping the group as a whole. By late February, Mr. Morris had finalised plans for the complete reconstruction of the company and arranged terms to supply the required finance.

But in the meantime Anzani had apparently been casting the net wider and on the eve of an already postponed wind-up hearing in the High Court the company's talks with another potentially interested party group, thought to be Marler Estates, ran aground.

Resigned

Connaught was by now a creditor to the tune of £250,000 for the work done and Mr. Morris was again brought in. The makings of an agreement were put together a week before the High Court hearing, and three of the most recent recruits to the board, Mr. Ivor Shrago,

Mr. J. J. Ullman and Mr. M. J. Morris, resigned.

Since April, the recovery plan has been put into operation. With the Savings and Investment Bank, Connaught managed to get the petitions lifted by purchasing for over £400,000 the near £1.8m debenture from Anzani's principal bankers and making a start on repaying a similar amount to the Inland Revenue.

The Connaught-Savings and Investment syndicate has also put up around £1m in order to open up some of the company's sites and try to give something to non-petitioning creditors (owed around £2m).

Options

Connaught and its partners are so far thought to have put about £1m into the company and, while it has acquired options on Anzani shares, its actual holding is still under 5 per cent. It is thought, however, that the syndicate's plans envisage an eventual holding of anything between 30 and 50 per cent of the equity.

For Anzani itself, the group is thought to have around £7.8m of work in progress and an annual turnover of something between £15m and £20m. An equity funding plan to help repay outstanding debts looks likely and the syndicate could be expected to take up its rights in any issue and may well also commute some of its debenture to capital.

Connaught says it has deals under way worth around £2m in profits which could go into

Anzani. The now healthy scrap operation (turnover of about £350,000) is heading for £500,000 and could also be injected back into the group.

The three Anzani directors remaining—Gerald Pail, Bob Rushton and Malcolm Norris—are, with accounts being paid by the syndicate, working to produce a full picture for an AGM in the autumn. Shareholders should then at least have the chance to vote for a new future.

IN BRIEF

● North British Properties has purchased the former St. Ann's school in Queen Street, Manchester, and is to build a five-storey, 11,500 sq ft office block on the site. The freehold scheme will be known as Queen's Court.

● The Royal Oak Benefit Society has sold its former 4,000 sq ft freehold headquarters at John Street, WCL, for around £275,000 to a subsidiary of Bloomsbury Properties. The new owners intend to let the 1,500 sq ft vacant accommodation after refurbishment. Norman Hirschfield Ryde and Browne acted for Royal Oak and W. H. Read represented Bloomsbury.

● Woolwich Equitable Building Society has purchased the heritable interest in 16-20 Murray Place, Stirling, from Abbey Life. A figure in excess of £400,000 was paid for the three-storey building. Healey and Baker acted for the Woolwich.

Hong Kong booming

OFFICE TENANTS in the booming Hong Kong property market are now paying almost as much for top quality accommodation as tenants in central London, according to the latest international survey carried out by British-based agents Richard Ellis.

The survey shows that best quality air conditioned suites of 5,000 sq ft now fetch an average rental of £21.60 a sq ft in Hong Kong. This compares with a top average rental of £22 a sq ft for small space in central London—still higher than anywhere else in the world, says the agents.

Hong Kong rents, however, include service charges which are not normally paid by British tenants. Excluding service charges, Hong Kong rents average just over £16 a sq ft.

London's clear lead in the rental table—which Richard Ellis measures against office rents in 22 other major international centres—has been considerably eroded over the past six months during which time Hong Kong rents have risen by over £5 a square foot.

New York is now placed third in the rental league with tenants paying an average of £17.95 a square foot for small suites, including service charges.

Ellis believe that significant changes may be underway in the climate for international investment in the office sector, with increasing emphasis being placed upon investment in developing nations while growing automation of office services in industrialised countries will also influence the market.

Share prospects are looking 'reasonable'

WITH THE property share index currently standing at its highest level ever, having outperformed the all-share index over the past three years, the prospects for the sector still look "reasonable," according to brokers Quilter Hillton Goodison.

Quilters point to sound balance sheets, sharply rising profits at a time when companies elsewhere are under pressure, the prospect of falling interest rates which help sentiment (even if they have little impact on revenue profits) and, last but not least, the readiness of investors to accept lower discounts in a bull market.

In view of all this, say Quilters, "it looks as if the property sector over the coming months should continue to move in line with the equity market."

The firm, along with several others, is expecting a revival in bid activity in the near future, largely in view of the unsatisfied demand for good properties. The KIO-Hay's Wharf affair and the Costain County and District talks could well be signs of things to come.

● The amount of air-conditioned office space let in the West End during the first half of 1980 fell to 682,000 square feet compared with 533,000 square feet in the same period last year, according to agents Leslie Lintott.

Lintott says, however, that

average rents achieved approached £15.50 a square foot against a figure of around £12.50 a year earlier. The amount of air conditioned space available has remained relatively stable since April around the 800,000 square foot mark.

● The Pension Fund Property Unit Trust has completed its first overseas development in the shape of an office-shops building in Georgetown, Guyana. Total cost of the scheme will be just over £6m and provides PFPU with a 24 per cent yield. One shop and a restaurant remain available. Weatherall Green and Smith are letting agents.

● Banque Francaise du Commerce Extérieur is to take a lease on the entire 14th floor of the Bank House, City, for £1,100 sq ft. The bank has been taken on a 10-year lease at a rental of about £20 a sq ft. Jones Lang Wootton acted for the bank and Weatherall Green and Smith represented Morgan Guaranty Trust.

● Industrial and Commercial Property Unit Trust, in conjunction with Pentos Publishing, have purchased 47-51 Marylebone Lane, W1 from the Scripture Union. The 11,000 sq ft building will have a capital value of around £2m when a refurbishment programme is finished. C. J. Lewis and Partners acted for Pentos and the vendors were represented by Richard Ellis.

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Cinema

The price of fame by NIGEL ANDREWS

Fame (AA) Empire
Jane Austen in Manhattan (A)
Mines and Everyman
Hampstead
Jean-Luc Godard Camden
Piazza
Jon Jost National Film Theatre

Fame isn't a musical but it ought to be. Singing and dancing talent pours from every pore of British director Alan Parker's first film made in America. The story of six teenagers going through their show-business paces in a 4-year student-ship at New York's High School of the Performing Arts. But Parker at some point in the movie's genesis made the fatal decision to make it not the fully-fledged musical it would surely have triumphed as a self-indulgent Chorus Line, in which the music shapes and stylises the flow of the story—but a pseudo-realistic slice of school life in which the music pops up naturally, or tries to, from the workshop/rehearsal context of the school.

If Buggsy Malone and Midnight Express taught us anything, it was that Parker's forte wasn't realism. Both, in their contrasting ways, were hyper-glamorous films—a whimsical, ill-acted gangster musical and a steamy Turkish prison saga—and they suggested that Parker's long training in commercials had given him a quick-fix, decorative, parametered view of life in which truth comes in snide bursts, preferably with a punch-line or a moral.

The success of Fame's best

sequence, its rat-a-tat opening

30 minutes, is that it accepts

and exploits that formula: a

televisual sequence of pre-

school auditions in which the

main characters are introduced

in flashy bursts of idiosyncrasy.

There's the black dancer Leroy, whose pulsing, 'loin-grating' dance has the teacher-examiners gasping in the aisles; there's a Puerto Rican boy who wants to be a stand-up comic like his idol Freddie Prinze; there's a dark girl singer called Coco, a shy white girl with a domineering Jewish mother, a gentle red-headed gay and a plump Italian-American boy whose passion is for synthesised keyboard music. Their performing specialties aren't instantly laid on the line and one thing Fame effectively does is that the HSPA-based on a real New York school, though not shot in it, is a multi-disciplinary bohemian where training in music and drama co-exists with routine classroom subjects like languages and science. What Fame doesn't show, except by now-you-see-it-now-you-don't inference, is how that broad teaching base slowly yields to specialisation during the 4-year period: the process by which the students discover which talents to concentrate on and which to let go.

Indeed, any sense of time passing in Parker's film is notable by its absence. The characters are caught in their little cocoons of mannerism and sentimental identity—the white girl's shyness, Leroy's aggressive sense of racial victimisation, the Puerto Rican boy's penchant for alternating ball-of-fire fun-making with set-piece crying jags—and not only do they fail to grow up visibly during the film but they often seem like emotional retardees fixed in the pubescent never-never land of Buggsy Malone. The shy girl's idolisation from afar of the school's graduating best actor is straight out of Teen Romance, and throughout the movie, though abortion and four-letter words are thrown in for adult measure, Parker skirts the

dread spectre of carnality itself as if protecting his characters' Peter Pan purity.

Despite the darting, vibrant camera style, Fame's affection for a caught-on-the-wing naturalism never convinces. The film's salvation would surely have lain in a bold embracing of musical stylisation. The two big ragamuffin ensembles are triumphs of barnstorming Broadway vitality—one a monster jam-session improvised in the school lunchroom, the other the show-stopping Graduation Day song, "I Sing the Body Electric"—and the screen also leaps to life, in best dotty-Hollywood style, in a polyphonic 42nd Street knock-up as the dancing, singing students' ensembles, taxis, passers-by. To boost the music might also have foregrounded the movie's two biggest, most scene-stealing assets: the lithe, whipper, erotic dancing of Gene Anthony Ray as Leroy, and the husky, beautifully forthright singing of Irene Cara as Coco.

Jane Austen in Manhattan is a whimsical filmic ratatouille cooked up by that long-serving director-writer team, James Ivory and Ruth Prawer Jhabvala. They are, you might say, the Henry James of modern cinema; in their porcelain-textured, genteel, tasteful, fussiness, and in their obsession with the mystic power and acquisitive appeal of cultural artefacts. Last time round their characters were seen scrimmaging over Indian paintings in *Hullabaloo* over *Georgie and Bonnie's Pictures*. In their latest opus an early play by Jane Austen is the cultural McElfin. To whom should the misadventure of this priceless manuscript be entrusted? To Robert Powell, as an avant-garde New York dramatist wanting to stage Jane in a white-walled cell with much mummifying, madness and mannerism? Or to traditionalist Anne Baxter, with her Mozartian-operatic aspirations for the playlet?

I was second to none — well, only a few — in my endorsement of the Ivory-Jhabvala magic in *Hullabaloo*: a deft and swarming little film, a celluloid *Aspern Papers*. But Jane Austen in Manhattan is a confused huddle of ideas grouped around the fragile silver of the Austen play, and the subplot relations among the two theatrical factions — a young actress toting and froting between marriage and a lesbian affair, the confrontations between modernist Powell and old-world Baxter — never connect with each other or with the playlet over which they are tussling.

Ivory's own direction, with its vacillating grace, looks as out of place in the heady, solemn world of off-Broadway experimentalism as Jane Austen herself, and he doesn't help matters by casting Robert Powell as the magnetic theatrical Messiah and lumbering him with a far-from-magnetic American accent. The film ends by telling us nothing very interesting about either Jane Austen or Manhattan, let alone

what rare artistic vision might have been spawned by the conjunction of the two.

Jean-Luc Godard, that Gallic gnome with thinning hair and tinted spectacles, made cinematic history in the 1960s. The most radical and quick-witted of the French New Wave directors, he cut a fearsome path into the future with films like *Le Petit Soldat* and *Pierrot le Fou* and continued to blaze his own trail long after he had left most of his flagging early admirers behind. For the mass of moviegoers he has disappeared out of sight in recent years, pursuing the spectre of "truth 24 times a second" (his definition of cinema) into the Ultima Thule of film and video experimentalism.

His attempted "comeback" into the mainstream of feature film-making at Cannes this year — with his new movie *Je Suis un Noir* — was greeted at the festival with vocal boredom and rampant incomprehension. Londoners can judge the film for themselves when it opens at the Camden Plaza on August 21. Meanwhile there's a special *hors-d'œuvre* of older and more digestible Godard goodies, that give an introduction to both the charms and the chores of watching this director at work. Occupying the first fortnight, from July 24 to August 6, is a double-bill of *Alphaville* and *Jeune Femme*. *Jeune Femme* is a thriller set in futuristic Paris.

Peter Sellers

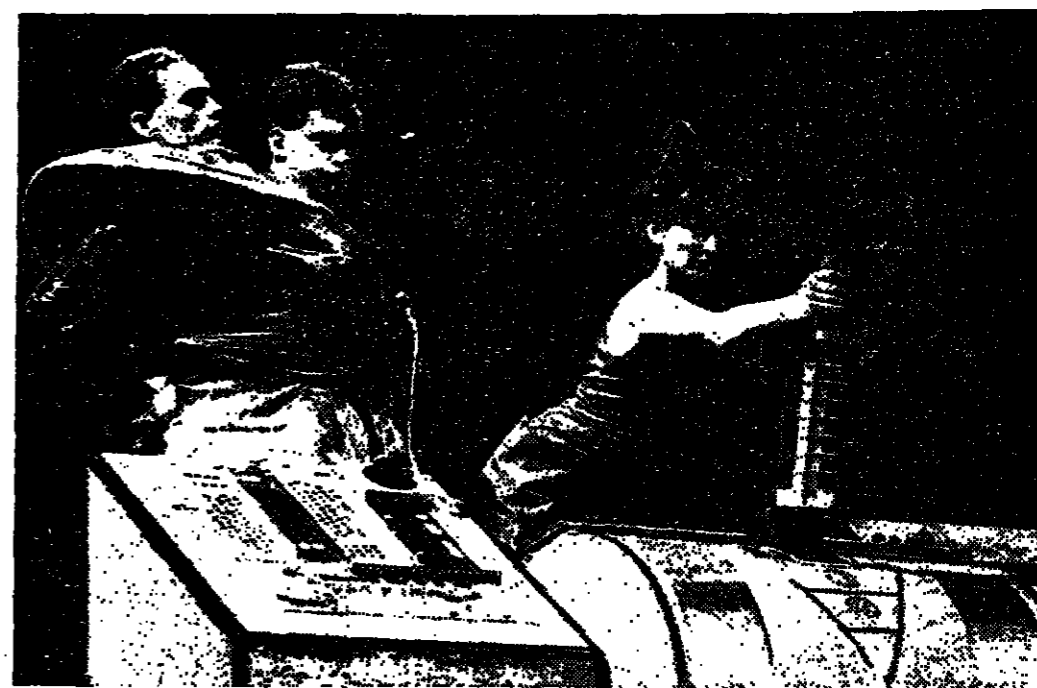
Peter Sellers, who died yesterday at the age of 54, was the British cinema's most successful and internationally exportable comic of the post-war era. Star character comedians are a rare breed, most movie comics having a single persona that they devoutly cultivate and perfect in different vehicles. But Sellers was a chameleon. *The Pink Panther* spawned no less than four sequels and Sellers's superb ability to put spoken English through a Gallic mincer — coining such vocal baroque as "I am an officer of the Lerr" and "May ah use yer pheauue" — accounted for a good part, probably the greatest, of the series' success. He was working on the script of yet another sequel, due to begin filming in January, at the time of his death. The British cinema loses a major star, the world perhaps the most vocally versatile comedian the screen has known.

In the mid-60s Sellers was ushered into international stardom with two films for Stanley Kubrick, *Lolita* and *Dr. Strangelove*. His multi-hued trio of characters in the latter — RAF officer, U.S. President, mad German scientist — won him awards and gave him a comic eminence in *Moriedom* that the scripts he was offered later in his career never quite allowed him to capitalise on. There were too many rickety vehicles that Sellers tried to steer single-handed to success — *After the Fox*, *The Bobo*, *The Magic Christian* — and too few films gave, like Kubrick's duo, a firm launching-base for Sellers's de-

the other a film about progress and prostitution starring Marina Vlady as a suburban housewife who moonlights as a tart. Stylistically, the second film — with its multi-referential offshoots into Brecht, Marx, etc. and its overtly TV-style techniques — is the gateway between Godard's early and late careers. Showing in a brand-new 35 mm and Scope print, to boot.

Fortnight number two brings you *Pierrot le Fou* and *A Bout de Souffle*. Godard in gadabout mood, dealing with gangsters, old movies, revolution, you-name-it, and showing the kind of wit and eclectic sparkle that made him for ten years the world's most unpredictable movie-maker.

Nothing too predictable either about Jon Jost, an American independent director who looks like Walt Whitman and makes films like a sun-touched Godard. Sample them while you may at the National Film Theatre. *Angel City* is a lovely, hang-loose satire on private-eye movies, set in a Los Angeles gripped by the tentacles of conspiracy-theory politics and TV soap-opera cliché. It looks like Chinatown put through a shredder. Also to be relished is *Changelin*, a story of the bad, the bad and ugly which uses stylistic devices — of colour, cutting, music — as a moral *impasto* on the story of a reptilian wheeler-dealer snaking through the thickets of California. Pierce, nervy, intelligent.



Nidolas D'Avirro (left), John Terence and Jude Alderson

Rainbow

The Hitch-Hiker's Guide to the Galaxy

by MICHAEL COVENEY

The Rainbow in Finsbury Park is best known these days as a rock venue and it was nothing short of astonishing to see its vast auditorium packed on Wednesday night for the opening of a theatrical version of Douglas Adams's successful Radio 4 series. It was as if a 1930s emporium was playing host to a 1980s revivalist hippie trip through the galaxy. The huge ceiling was aglow with stars, laser beams shot through space presaging the end of the Universe and, in the theatre's surrounding areas, a veritable Bartholomew Fair of hucksters and publicity folk sold everything from draught beer to fire-spitting mini-Vogons, from illuminated jewellery to battery-charged "Don't Panic" badges.

Onstage, director Ken Campbell and a large cast have set about animating the journey through space of Arthur Dent and his friend Ford Prefect, with a spirit of affectionate mockery that seemed to go down well with the aficionados. Less

well with me. I am afraid, as the improvisatory charm of Campbell's shorter version at the ICA last year has been lost in the process of inflation. The evening works best when it juxtaposes technological wizardry with a blatantly rough amateurism. The ICA's 90 minutes has been extended, after an interval, to take in a long scene in a restaurant on the eve of apocalypse.

The idea of a quest is basic to Campbell's theatre work and can result — as for instance in *The Great Gatsby*, *Illuminatus* or *The Wasp* — in an irresistible combustion of music hall and sub-cultural phenomena. Synchronicity, coincidence, tall stories, adventure — these elements have, in the past, led me to believe that Campbell was rediscovering the roots of our theatre. The Rainbow cast, in truth, does not match up to the performing standards necessary for this kind of experiment. At the ICA, the audience floated through the galaxy on a sea-folded auditorium mounted on metal air skates. For all the

expense of this revival, nothing in its presentation or effects rivals that splendid wheeze.

Having brushed with the Vogons, Arthur and Ford are rescued in space and transported to a ship that resembles a giant fruit machine. On board are the two-headed Zaphod Beeblebrox; Marvin, the paranoid android; and the slinky Trillian, whom Arthur never quite got round to chatting up at an Islington party. Moving on, we encounter the computer Deep Thought and Ford's brief of bringing the intergalactic guide up to date is lost beneath a fight for survival and the search for the ultimate question (to which the answer is 42).

Back at the ICA itself, the People Show have revived one of their very best productions, No. 78, which I recommended last year as pure theatre on the grounds that it has no life or points of reference beyond the conditions of the medium in which it is played. There are some truly hypnotic sequences and one or two very funny ones.



Scene from Alan Parker's 'Fame'

Glyndebourne

La fedeltà premiata by DAVID MURRAY

Haydn wrote *La fedeltà premiata* to inaugurate his employers' new theatre at Salzburg in 1780. We may imagine that opera-production at that modest scale was a modest business, a matter of petty costumes to dress a thin line of singers. Certainly Haydn's sense of arias and ensembles is presupposed by nothing more. Here the Baroque reconstruction with people falling in and out of love is inclusive. There are no thrones, dynasties at stake, nor even ritual loyalties; the daisy-chain of changing partners is effectively insignificant, spectrally taunted by a single plotline — the premise that it is *La fedeltà premiata*. Day in the mythical life and the hapless offerings can be faithful lovers. Every-thing wants therefore to conceal fidelity at all costs.

We expect a firmer dramatic continuity than Haydn's patrons robustly did, and the producer, Mr. Cox, has taken the plausible option of embroidering the minute comic manner of the original. The result is genuinely funny and, not I think, compromised by Cox's other device of showing us not only the opera but its original audience, watching *La fedeltà premiata* from the wings and occasionally helping with props. The action isn't subverted by the progress is quite inconsequential anyway; the arias — feeling which are the main musical burden are not gaudy, though where they grow lush and prompt Haydn to his best music, a less jokey audience might have encouraged the singers to search it more thoroughly.

A sign of that constraint may be seen in their evident preference, here and there, for *tempi* rather than *Simor Rattle* in order to set. Not that his conducting of the London Philharmonic was sluggish in the east; the score fitted in all the proper places, and preserved enough balanced poise to admit never expression: when the

singers would risk it. Act One consists musically of arias of one conventional sentiment or another, and James Atherton and Kate Flowers made characters out of their puppets by sheer bright verve. As the visiting siren who initiates the game of partner-changing, Linda Zogby displayed an engaging operatic range beyond her sweetly passive Mimi of two seasons ago. If both she and the very musical Evelyn Petros were rhythmically slack in their slower music, both made amends in Act Two.

Covent Garden

Manon by CLEMENT CRISP

Manon returned to the Opera House repertory on Wednesday night, and though one might carp at rickety scene changes and orchestral playing less than beguiling in its way with Massenet's honeyed tunes, the ballet itself was in best form. Intriguing how, in the first scene, the entire later action seems encapsulated. At certain points the predator Lescaut — a hypnotic performance by David Wall, darker and more malign in quality than ever before — surveys the corrupt wold of the Régence.

With devilish glee he shows his mistress a couple of poor whores on their way to deportation: as soon as Manon arrives, her innocent beauty becomes a marketable commodity; the no less innocent des Grieux falls victim to her, and implicitly, to the moral degeneracy of the society into which she is dragged him. And from this skillfully prepared ground springs the whole tragedy. It is exemplary dramatic plotting.

No less exemplary the company performance, and especially the central trio of Jennifer Penney, Wayne Eagling, and

There, with all the characters in sourer pickles than before, Haydn offers music of real invention and depth, with arias developed strongly enough to bear abstract comparison with Mozart's. If only the action supported them, if only Haydn had had a *de Pontel*. There is not one sustained intrigue in *La fedeltà premiata*, and so the shifts of feeling and resolve that Haydn maps so delicately bear no dramatic weight: nothing turns upon them. Max-Rent Cosotti almost persuaded us that something did — and his Italian, and Ferruccio Furlanetto's (in

Wall. I have never found Penney more radiantly lovely, or more persuasive an advocate for Manon's character. In the first act there is something kittenish in her desire to please, and an adorable sweetness in her eagerness for worldly triumph. With Eagling as an ardent des Grieux, the bedroom duet spoke, thrillingly of the first radiant flush of physical passion.

The gradual tainting of Manon's character, the delighted quest for wealth — poverty the only sin she recognises — and the capricious acceptance of des Grieux yet again (characteristically, Manon is trying to have her cake and eat it) were shown by Penney in dancing of

the role of a lecherous priest of Diana, vetting candidates for the sacrifice against candidates for seduction), put their colleagues' clouded vowels to shame. John Rawnsley's boisterous scapegrace suffers most from the dim libretto, which gives him nothing pungently characteristic to do. Never mind: Mr. Cox has shaped all this patchy material into a delightful Glyndebourne evening, bejewelled with bits of the might-have-been Haydn, the Haydn who might have had a real dramatist and a real audience.

Irresistible allure. And as the poor wreck of the last act, she was no more than a ghost, and pitiable. Eagling makes des Grieux heroic by his sheer fidelity. If there are danced moments less technically amazing, less tuscian in dynamic outline, than he has shown us in the past, the character is stronger, in conveying the obsessive nature of his passion for Manon. From David Wall the vivid combination of calculated charm, and single-minded opportunism — and dancing of hair-raising skill in the drunken duet with the no less daring Monica Mason as his mistress. In all, a fine account of a fine ballet.

Arts Minister suspends export licence

Mr. Norman St. John-Stevens, Minister for the Arts, has accepted the recommendations of the reviewing committee on the Export of Works of Art that a licence to export a pair of Hindlock presentation pistols, circa 1775, should be withheld for three months to give public

collections in the United Kingdom the opportunity to purchase them.

The committee considered that the items were of national importance under the criteria laid down by the Waverley Committee.

Britain's traditional way of nurturing young film talent



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The impact of energy costs

GIVEN THE Government's consistent and in our view entirely correct dislike of protectionism, Ministers are unlikely to respond sympathetically to the latest plea for import controls—this time from the paper and board industry. But it does not follow that the industry's problems should be ignored. The threatened closure of Bowater's large newsprint mill at Ellesmere Port is not something that can be shrugged off as an unfortunate consequence of the Government's anti-inflationary policies. Large parts of the paper industry are peculiarly vulnerable to the high value of sterling in relation to the dollar. While there is no doubt scope for improving efficiency, there are severe limits on the industry's ability to adjust to the change in exchange rates by switching to products of higher added value.

Adjustment
British paper and board makers have already undergone a very considerable adjustment over the past 15 years. After a long period of protection, they were forced by the EFTA agreement to come to terms with increasing Scandinavian imports in a number of bulk grades which the UK, with its lack of forest resources, could not hope to produce economically. A good many mills were closed down, others were converted to produce grades which could be based on waste paper rather than imported pulp. There was investment in special-purpose grades which were less exposed to import competition, as well as renewed interest in making maximum use of home-grown wood to support indigenous pulp production.

These changes were made with very little government intervention or assistance. Until recently it seemed reasonable to hope that a substantial paper industry, albeit smaller than it used to be and with a gradually declining share of domestic consumption, could remain viable in the UK.

The change in the pound/dollar relationship, however, has had a disastrous effect on those grades which compete directly against imported North American products. This is particularly true of newsprint and test liner, the waste-based alternative to imported kraft liner which is used in the manufacture of corrugated cases. The price of newsprint in ster-

ling terms is actually lower than it was three years ago, while increasing kraft liner imports from the U.S. have already caused closures among test liner producers; further casualties among waste-using mills could threaten the viability of the waste paper collecting industry.

The Government has no intention of trying to force sterling down, even if it were feasible to do so. Subsidies to help the papermakers cope with their present problems are equally implausible, since they would be wholly inconsistent with the Government's economic principles and would invite similar demands from other hard-pressed industries. It is worth pointing out, though, that the world paper industry, especially the newsprint part of it, is riddled with subsidies of one kind or another. This applies to major producing areas like Canada and Scandinavia, and to countries like France where the Government supports domestic newsprint producers by a combination of import controls and financial assistance. The fact that these practices are rife is not an argument for the UK doing likewise, but they represent a distortion of trading patterns which has certainly contributed to the present plight of the British paper industry.

Resources
The industry, of course, is looking for more than sympathy and understanding; it wants some action. The strongest part of its case to the Government relates to energy costs and it is entitled to a coherent response on this issue. There is no good reason why tariff structures in the UK should have the effect of penalising energy-intensive industrial processes of which paper-making is one example. Energy costs for a British paper mill are high not merely in comparison with North America, but with countries like Germany and France whose energy resources are much poorer than those of the UK. A mill like Ellesmere Port which is based on home-produced pulp can probably cope with the fact that its wood costs are relatively high, but the additional burden of energy prices undermines its ability to compete. Since the source of the problem lies in the pricing policies of the nationalised industries, the Government can hardly decline to take an interest in the matter.

A challenge for Poland

ONE MAJOR difference distinguishes the current round of labour unrest in Poland from otherwise similar outbreaks in 1970 and 1976. Both the earlier outbreaks of labour resentment against low living standards and higher meat prices erupted into spontaneous violence to which the Government reacted with a major show of armed force. This led to several hundred deaths in the Baltic port cities and the overthrow of party secretary Wladyslaw Gomulka in 1970 and mass arrests in 1976.

Both sides have clearly learnt their lesson from these bitter experiences and this time round the actions of workers and the party alike have been characterised by restraint and non-violent protest. The Government has not been forced into a humiliating retreat and has stood firm on its decision to raise the price of meat. The workers have couched their demands in reasonable terms.

Higher wages
The situation remains fluid. Strikes are still breaking out in many parts of the country and local management has been empowered to negotiate higher pay awards. Logically the strikes can only be expected to finish once all Polish workers have been equally compensated for the higher prices.

The end of the strikes will not, however, signify the end of the problems facing the Polish regime. On the contrary higher wages coupled with mainly cosmetic promises of higher productivity will add to inflationary pressures. Such pressure will make it even more difficult for the Government to honour its commitments to foreign bankers who have been promised the restoration of equilibrium in the balance of payments by 1981.

This faces the regime with a major challenge. If Poland were not a one-party Communist regime a solution might lie in a change of government and the injection of new blood and new ideas. The one-party system does not allow of such luxuries however—and neither does the Soviet Union next door. This means that the Polish regime itself must find a way to tap the patriotism and national pride of Polish society at large.

Poland is endowed with considerable natural resources, principally coal, copper and sulphur. Heavy investment over the last decade has also endowed it with new and highly productive shipyards, new mines, harbours, steel mills and engineering plants. It also has an increasingly better educated labour force and an impressive and highly respected intelligentsia. In spite of all these assets the present Polish regime after a bold start, has not been able to put them to good use.

In order to do so in future it has to convince the majority of Poles, who are not Communists, that the regime now recognises that they will have a major role to play in future. The fact that the Politburo, the highest political organ, has tacitly acknowledged the right of workers to organise themselves outside the official, party dominated, trade unions is in itself a significant pointer.

In the light of Poland's international situation, as a neighbour of the Soviet Union and member of both Comecon and the Warsaw Pact, the Communist Party will necessarily have to remain as the official "guiding light" of Poland.

Greater honesty
In practice however the way forward for Poland lies in recognition by the Polish leadership and the Soviet Union itself that the party can only rule by the consent.

How to handle the OPEC surpluses this time round

BY NICHOLAS COLCHESTER

BARRING a currency drama, it is a fair bet that the annual meetings in late September of the International Monetary Fund (IMF) and the World Bank, and the congress of bankers which they occasion, will be dominated by the themes of recession and international lending.

The assembled ministers of the industrial countries will worry about the former. The latter will be the talk of everybody else, because recycling world payment surpluses to finance deficits is now the main pre-occupation of bankers, the World Bank and the IMF.

Large surpluses will be there to be moved. The underlying premise is that the real price of oil will hold up in the early 1980s and that the Organisation of Oil Exporting Countries (OPEC) members will not be able to spend their revenues in the way they managed to spend them after the first oil shock. Their net external assets—the pre-occupation of money they have on deposit with, or on loan to, foreigners—will therefore have to rise to \$400bn by the end of 1982 compared with \$200bn at the end of 1978. Some \$100bn of that increased total will accumulate in the current year and will have to find a home somewhere.

The premise could prove false: it did last time. But this prospect, firmly established in most economists' minds, has this year provoked a remarkable parade of novel schemes designed to achieve the necessary recycling of oil money.

At the head has been the Brandt Commission report, a "programme for survival" with proposals for a new World Development Agency and for global taxation of the arms trade. This flagship has headed a host of ingenious ideas. They range from alternatives to the ill-fated substitution of

OPEC-OECD treaty bartering a stable oil price for investments of guaranteed value, to schemes designed to bolster the international banking system by means of official guarantees and safety nets, to commodity-linked bonds.

All of these schemes seek answers to the key conundrum: how can Western countries, with more wealth than surplus cash, get together with OPEC countries, having more surplus cash than wealth, and channel funds to countries having neither.

Debate of this question in Washington in September is made more likely by the fact that both the IMF and the World Bank are responding to pressures to change their ways in providing finance to the

It is true that bank loans extended to non-OPEC developing countries in the first half of this year totalled only \$11.7bn compared with \$22bn in the second half of 1979. But much of this first half was characterised by a stand-off between borrowers and banks as they digested what turned out to be the non-impact on the banking system of developments in Iran—the taking of hostages and the freezing of Iranian assets—and the invasion of Afghanistan. This immobility was reinforced by the rise of U.S. interest rates to a peak of more than 20 per cent.

During the summer a clearer picture has emerged. First, the competition to make loans to borrowers with any sort of claim to creditworthiness remains intense. The "spreads"—the margins over interbank rates—at which such loans are being extended are once again as low as they have ever been. Loans guaranteed by some European countries—France and now perhaps, Ireland too—are possible at a margin of 1 per cent. Maturities of ten years are still negotiable.

It is very difficult to see how banks can justify participation in credits on such terms. Dr. Wilfried Guth, the head of the Deutsche Bank, asserted recently that "applying all defensible cost saving calculations" a bank's minimum average margin should range between 7 and 14 per cent.

On the other hand, the summer also seems to have established a consensus among banks that certain heavily indebted borrowers in the developing world must now be charged rates at the same time the fact that a small rise in the annual margin will reconcile the banks with Brazil or Poland does not suggest that, as a group, the banks are running into regulatory limits. The margins would be immaterial if they were.

But there is a chain of other more discomforting signs. First there is the "crowding out" of the less developed borrowers: the table shows how the developed world, which has its own substantial deficits to finance this year, is taking a steadily mounting share of new bank loans. There is a bunching of Third World's maturing bank loans in the early 1980s, to which the World Bank has drawn attention. More immediately, there is striking evidence from Morgan Guaranty

M. Jacques de Larosiere, managing director of the IMF (left) and Mr. Robert McNamara, president of the World Bank.

that the 12 major developing country borrowers raised only one quarter of their estimated needs for 1980 during the first six months. Other, very needy, countries have no access to bank loans at all.

Finally there is the rapidly deteriorating capital backing of international banks. According to The Banker the ratio of capital to assets of the world's 100 largest banks dropped last year from 3.55 per cent to 3.50 per cent.

The crux of the problem for these banks is that, as the Bank for International Settlements put it, "from the point of view of sound banking principles, financing a persistent balance of payments deficit is a different proposition from financing a temporary one." One solution which has been widely suggested is that official sources of finance, like the IMF and World Bank, should become more closely involved in international bank lending.

Three possibilities are cited — that banks should be offered guarantees on certain loans by, say, the IMF, that certain bank loans should be indissolubly linked with official finance through so-called "mandatory cross default clauses", and that banks should be granted fuller access to the information which borrowing countries reveal to official institutions.

None of these seem probable at present. The World Bank is

hope is that the IMF and the World Bank will simply lend more themselves. So far, the IMF has made only a marginal contribution, albeit in some of the situations of greatest need. At the end of May it had only \$8.8bn out on loan to non-oil developing countries, compared with the exposure of the international banks of more than \$800bn. Moreover in recent years repayments have matched disbursements so that since the beginning of 1978 there has been virtually no net IMF lending to the non-oil LDC's at all.

The main problem is the economic policy conditions which the Fund attaches to much of its lending. But it is also possible that, as one central banker puts it, "there just is not enough in the Fund's shop window."

The Fund has already made it abundantly clear that it is going to change things. It will lend larger amounts, will lend them for longer than the three-five years which is now typical, and it will be more flexible and understanding in the economic conditions it imposes. The Fund is already looking for the necessary financial backing from industrial and oil exporting countries. For the moment it is eschewing private finance. IMF bond issues for instance — but it does not rule these out.

The World Bank is taking more modest steps towards a greater contribution. Mr. Munir Benjenk, vice-president, stresses new lending for energy projects and the World Bank's new foray into "structural adjustment lending" as two examples of its efforts to boost lending. The latter involves balance-of-payment loans with conditions attached. It is a new and rather tricky departure for the World Bank, which hopes to lend an extra \$600m-\$800m in this way over the coming year.

The World Bank is also waiting for an increase in its

capital and is thinking about doubling its gearing ratio (at present it cannot lend more than its authorised capital plus reserves). But since the latter is now standing at \$41bn, compared with the \$26bn which the bank has out on loan, it does not seem to be under much constraint in the short run. It is only a little cynical to observe that the world's financial system lives from day to day and that only some form of financial crunch will bring the grander recycling schemes down from the realms of conjecture.

If the large surpluses and deficits are sustained, and as presently predicted, it is difficult to see how the present arrangement—too little and too little official finance, too little securities finance and a daunting reliance upon bank finance—can hold up. But there are grounds for hope that the flows can be nudged gently into different channels.

Western recession will probably stimulate Government guaranteed export finance. Bank competition—and bank regulation will—gradually erode the terms which banks are inclined to offer for OPEC deposits. OPEC countries will be prompted to develop further direct investment in, and direct loans to, the Third World. Threats of default will see to it that the unused resources of a more flexible World Bank and IMF are brought into play. It could well be this sort of evolutionary change which will provide most of the answers to the big conundrum.

Some \$100bn will have to find a home this year

Third World. There is a good chance that the IMF will use the forum of the annual meeting to present new methods of funding itself and new terms on which it will be willing to lend.

International bankers will have more reason than ever to confer in Washington. The position of the international banks is popularly supposed to be a key ingredient in the looming problem of Third World finance. They bore the brunt of the first wave of recycling in the 1970s. Now there is general concern that they are approaching regulatory limits both to the amount of lending they can support with their existing capital and to their exposure to particular, highly indebted countries.

So far, the evidence that this is happening is only tenuous.

WORLD PAYMENTS BALANCES ON CURRENT ACCOUNT*

	1975	1976	1977	1978	1979	1980
INDUSTRIAL COUNTRIES	16	-2	-5	31	-11	-51
DEVELOPING COUNTRIES	35	40	32	5	68	115
Oil exporting countries	-44	-32	-28	-36	-55	-68
Non-oil developing countries	79	72	60	41	123	183
SUBTOTAL FUND MEMBERS AND OTHER	5	6	-1	26	57	64
NON FUND MEMBERS	-9	-8	-4	-7	-5	-7
Centrally planned economies	-11	-9	-6	-8	-7	-10
Other	2	1	2	1	2	3
TOTAL	-4	-2	-5	19	52	57
Less timing asymmetry on trade	1	5	2	3	10	6
Residual asymmetry	-5	-7	-7	-10	-12	-16

* Goods, services and private transfers. Source: IMF, World Economic Outlook 1980

MEN AND MATTERS

Trawling for the richest catch

Naturally independent and long preoccupied with the dangers from Common Market "poachers," the Scottish fishermen can be forgiven for taking so long to take a direct interest in the oil reserves swilling about beneath their thinning shoals of fish. Still, yesterday's launch of the Fishermen's Petroleum Company came as no surprise to my spy on the quayside, who describes chairman David Reid as "one of the best businessmen I ever doamed oiksins."

Reid himself seems a modest enough fellow. "I am an Orkney fisherman with other interests," he tells me guardedly. Pressed, however, he also claims to have made three fortunes in the North Sea—spending two—before the oil was ever dreamed of.

Living in some splendour in Orkney, Reid is the entrepreneurial force behind the new company which has joined an oil exploration consortium led by Kerr-McGee into the Moray Firth. He went into the project with a 1 per cent share in his own right before his Board—all well-known in the fishing business—tagged along.

Chairman of the Orkney

One ambassador was reduced to brewing his own beer with a Boots kit in the spare bathroom; enforced pecking order meant wine only for the most important guests.

The increasing international isolation of Iran eventually tipped the balance. With thousands of Iranians awaiting visas to visit Europe, it was a simple matter to ensure that a handful of influential customs officers did not find themselves unduly low on the lists.

On the waterfront

Among the prized pictures, engravings and rare clocks adorning its offices, merchant banker Robert Fleming is currently showing off a rare new treasure. It is the Kitcat Cardiac Cup, a trophy snatched from stockbroker Kitcat and Aitken on the Thames tideway the other evening.

The cup (in fact a shield) was presented to Fleming oarsmen who showed the strength of their reserves by beating Kitcat by two lengths over a mile race between Putney Reach and the bar of the Thames Rowing Club. Kitcat's defeated skipper, Alan Kelsey, who stiffened his crew of five house men with three outsiders including "ringer" and former Olympic triathlete Fred Rossiter from E. F. Hutton, approached the start with some trepidation. "Most of us were golden oldies who haven't rowed for years," he tells me. "We even called our boat Cardiac Arrest."

Back in the hunt

How heartening to see that commodities connoisseur Nelson Bunker Hunt is back in business. Still nursing scorched fingers from his recent blitz on the world silver market, he broke cover in Lexington, Kentucky to visit a sale of yearling racehorses from his Bluegrass Farm. The 53 lots raised more than \$4m in small change — which should help a little towards paying off the

MAIN CHARACTERISTICS OF THE MEDIUM-TERM EURO-CREDIT MARKETS

	Q1 1979	Q2 1979	Q3 1979	Q4 1979	Q1 1980	Q2 1980
New loans (\$bn at annual rates)	57.1	66.0	107.7	82.0	41.8	57.1
Longest maturity* (years)	18	15	15	15	15	12
Average maturity* (years/months)	9/6	9/3	7/9	9/3	8/11	7/8
Lowest spread* (per cent per annum)	1	1	1	1	1	1
Average spread* (% per annum)	0.87	0.76	0.73	0.64	0.67	0.64
OECD borrowing as a per cent of total	27	37	36	42	45	51

* Loans of \$50m and over. † Weighted means of spreads applied to loans of \$50m and over with a maturity of over three years completed or signed during the period. Source: OECD Financial Market Trends

It's a fact

Most Industrialists came to Skelmersdale through recommendation by fellow Industrialists

Skelmersdale
Skelmersdale Development Corporation
Penryn, Skelmersdale Lancashire WN8 8AR
Tel: Skelmersdale 24242 STD Code (0695)
Telex: 628259



"Presumably what she has in mind is emigration"

هكذا من الأهل



Britain's big parties run out of money

THE Labour Party is not alone in being in financial difficulties. The Tories are also in a similar position. It costs about £5m a year to run the Conservative Party at the constituency level. The party had a deficit in the year ended March 31, 1979 of £1.7m. It was heavily on the General Election and by now must be quite seriously worried about how the missing millions are going to be financed: hence, for example, the recent cutbacks at the party's Central Office.

Indeed the only major party which has recently been in surplus is the Liberals, and even that may be changed when the next accounts appear.

All of which ought to suggest that the question of state aid to parties is back on the political agenda. It is, but only up to a point. The Labour and Liberal Parties are in favour of such aid, as they have been for some years. The Tories are, as ever, adamantly against. Since the Tories are in office, it is unlikely that there will be any change in the system before a general election. Still, it is worth rehearsing the arguments; they could even appeal to some Conservatives.

The best point of reference is the report of the Houghton Committee, a body which was set up by the Labour Government in 1975 "to consider whether provision should be made from public funds to assist political parties in carrying out their functions outside Parliament." The majority of the Committee came down in favour of public funding; however, a significant minority was against. Publication of the report was not exactly a landmark in British politics.

Yet the report was prescient in a number of ways. It said, for instance, that the political

parties' traditional ways of funding themselves were in danger of being eroded by inflation. It warned that while the two big parties might still have little difficulty in raising funds when it came to a general election, there was a growing problem of financial provision for the years between elections. Without state aid, it suggested, the only way that the Conservative Party could be adequately financed would be by drawing more heavily on business and industry. As for the Labour Party, it would have to rely more than ever on the trade unions.

All these prophecies have come to pass. It is very difficult to persuade someone who, not that many years ago, might have been paying two shillings and sixpence for an annual party subscription that he or she should now be paying several pounds just to keep up with inflation. The money continues to come in, so far as it does, largely at election times.

The two big parties are relying even more than before on their big brothers. The trade unions have recently bailed out the Labour Party yet again. The Conservatives decline to give a breakdown between contributions received from business and those from individuals on the grounds that it would not be "cost-effective" to bother with such details. But it certainly looks as if they have become more dependent on business. In spite of that, they have gone deeper into the red.

If the Tory Treasurer fails to raise the money, he will be fired

There are other devastating, though perhaps not wholly surprising, admissions. No-one says the report has overall control or even oversight of party finance: nor does it seem that anyone had ever since anyone can remember. Nearly 90 per cent of the party's income at national level—£1.5m out of a total of £1.68m in 1978—comes from trade union affiliation fees. In other words, the Labour Party is being run at less than half the cost of the Tory Party, a fact which might not be entirely unrelated to the last election result.

Yet the Commission of Enquiry has come up with some interesting suggestions. It recommends that the annual individual subscription should be raised to £5 in 1981, but proposes special rates for household membership and for the non-employed. It also suggests a special category of supporters who might like to pay £1 a year without being registered as card-carrying members.

That last idea in particular seems worth developing. There must be quite a lot of people who would be prepared to pay £1 a year to the Labour Party, perhaps depending on who leads it, and maybe £1 each to the Tory and Liberal parties as well. It would be a small price to pay for preserving the political system as we have known it, and the pounds would soon add up. It might even be an

acceptable substitute for state aid. But that is by the way. The Commission of Enquiry also calls for public funding as did the Labour Party in its evidence to the Houghton Committee. But it admits that in the short term there is no alternative to a radical increase in the financing provided by the trade unions.

The Conservative Party's approach to the problem is quite different. It is opposed to State aid as a matter of high principle. Lord Thorpecroft, the Party Chairman, has gone so far as to say that if the Labour Party returns to office and introduces state aid, the Conservatives will refuse to accept it, though to which charity the money would then be donated is not stated. The Conservative Party does accept state aid—to the tune of £165,000 a year—while in opposition.

Mr. Alistair McAlpine, the party treasurer, accepts this position enthusiastically. He says it represents the Tory romantic tradition of appealing to the individual. It is up to the treasurer to raise the money. If he fails, he will be fired and rightly so, again in the best Tory tradition.

There is another rather more businesslike explanation given by Lord Thorpecroft. It is that it is the aim of the party to reduce taxation, not to raise it. The party must be seen to set an example. If it cannot find the money by voluntary means, it must cut back on its activities and become more cost-effective. That is what is happening at Central Office at the moment.

The trouble with these explanations is that they beg several questions. They are acceptable provided that the money is found, but what happens if it is not? The answer is that the party's efficiency and its ability to undertake long-term strategies are impaired. At present, the Conservative Central Office is actually cutting back on its community affairs department. This is the very department which was designed to give the party a broader base in the country: for example, among trade unionists, immigrants and the young. In the long run it cannot be helpful for the Conservatives that this activity should be reduced.

Besides, there is a peculiarly British fallacy in the arguments against State aid. It is assumed that it would be somehow corrupting because the parties have got by without it in the past. The evidence of other equally democratic countries, which have introduced State aid to the contrary. If an enters the Christian Democratic headquarters in Bonn, for instance, there is an air of some efficiency and an impression of serious research being undertaken.

The Government is preparing to increase the deposit made by election candidates

taken. The Tory Central Office in Smith Square, by contrast, is beginning to seem like a bunker. The Labour Party headquarters have already retreated south of the river.

Not least, there is an assumption that if the parties accept State aid, voluntary contributions will cease. The examples abroad again show that that is not the case. What happens is that State aid provides a certain guaranteed income which allows the parties to look after long-term planning and the management

ment of their organisations. Some new work on the subject is now being done by a committee chaired by Mr. Edmund Dell, the former Labour Minister, under the auspices of the Hansard Society. It is not due to report until the new year, but it could well be that by then the financial position of the parties will be sufficiently grave to command more attention.

The party which stands to lose most from maintenance of the status quo is the Liberals, since they have neither the trade unions nor business and industry to fall back on. As it happens, the party is also threatened financially on another front. The Government is preparing to increase the deposit that has to be made by any candidate in a Parliamentary election.

The present deposit is £150 and was introduced in 1918 to deter frivolous candidates. It is forfeit if the candidate gains less than one-eighth of the votes cast. The sum has not been changed since.

On the face of it, there is every reason why the figure should be increased now, if the deposit system is to be kept. Parliamentary candidates do, after all, enjoy substantial privileges, such as free postage and access to the media, during election periods.

It is clear, however, that the party likely to be hardest hit by any change would be the Liberals. They lost 294, or just over half, of their total deposits at the last general election, which was already a substantial sum.

The Government is understood to be considering a new figure somewhere between £800 and £1,250. It is probable that this would be accompanied by some reduction in the threshold at which the deposit was forfeit—say to 10 per cent. It is very unlikely that it would go as low as 5 per cent. If one assumes that the deposit is set at £1,000 or even £750, it is plain that the Liberals stand to lose a very great deal. The change would affect the Tory and Labour Parties scarcely at all. That, too, is a subject about which we are bound to hear more.

As a footnote, one should add that a fundamental change affecting finance and politics may have taken place this week when MPs voted to tie their salaries to a Civil Service grade. If the decision is not reversed,

CANDIDATES' LOST DEPOSITS

The Representation of the People Act 1918 provided that any Parliamentary candidate would have to deposit, on nomination, £150 in cash with the returning officer. This money would be forfeit to the state unless the candidate received one-eighth of the valid votes cast. The number of deposits lost in general elections has been as follows:

	Con.	Lab.	Lib.	Comm.	Other	Total	% of candidates
1918	3	6	44	—	108	161	9.9
1922	1	7	31	—	12	52	3.6
1923	—	17	8	—	2	27	1.9
1924	1	28	30	1	8	68	4.7
1929	18	35	25	21	14	113	6.5
1931	—	21	6	21	37	85	6.6
1935	1	16	40	—	24	81	6.0
1945	5	2	76	12	87	182	10.8
1950	5	0	319	97	40	461	24.6
1951	3	1	66	10	16	96	7.0
1959	3	1	60	15	21	100	7.1
1964	2	1	35	17	41	116	7.4
1966	5	8	52	36	85	186	10.6
1970	9	3	104	57	64	237	13.9
1974	10	6	184	58	150	408	22.2
1974 Feb.	8	25	23	43	222	321	15.0
1974 Oct.	28	13	125	29	247	442	19.6
1979	3	22	284	38	636	963	38.1
All General Elections	105	212	1,532	456	1,814	4,119	13.5
By-elections 1918-79	15	14	93	34	314	470	19.4
Lost deposits 1918-79	120	226	1,625	490	2,128	4,589	14.0

Source: British Political Facts, David Butler and Anne Storan, Macmillan.

Malcolm Rutherford

Letters to the Editor

Facts of life

From the Managing Director, Hydrocort.

Sir—It is all very well saying "reference to the article by John Lloyd on July 22."

High interest rates hurt my company: it has made a loss in the last year. I cannot, therefore, have a rise in salary unless I either borrow more money or run my company more efficiently.

The simple facts of life seem to be ignored by union leaders. It is they who have fuelled the unemployment figures by their irresponsible actions of the past. If Mr. Murray thinks it a crime to offer a lower wage rise in exchange for a job, then it is he who should be in the dock. It is he and his kind, intent on encouraging high wage demands, overmanaging in the state and public sectors, who have brought about the "conditions" in which we find ourselves.

Union leaders, instead of trying to gloss over their errors of the past, should admit them and encourage the utmost moderation in wage negotiation. In this way they might restore the confidence of their members. T. R. B. Chamberlain, Hydracort, Sudbury, Suffolk.

Coal industry penalised

From the Director, Council of Ironfoundry Associations.

Sir—Mr. Boom writes (July 22) of the penalties under which £25 extra a week

From Mr. W. King. Sir—Confusion, consternation and inflation have been fuelled in post-war years by Government. Management and unions trying to demote us all by talking of wage increases instead of the very British reality of inflation. The meaningless jargon "percent" is used in an unmoderated base figure like a piece of string without end, and a base figure is used it is much simpler to quote increases of, for example £25 per week, the approximate figure of the inflation increase rather than hide behind "0.8 per cent."

Under the direction of the Prime Minister, Government Ministers are heralding this as a major breakthrough, a real price—thou attitude to rise us all to believe that all members of Parliament are failing in the economic crisis. Using the very hackneyed method of comparability we see how false this is.

The new measure increase paid by MPs for themselves is not equal to the total amount of week that each old age pensioner receives. The simple rule of arithmetic, without the inflation of percentages, is that an MP already received nearly 10 times as much as an old age pensioner before they paid for even more. The near unemployed, who could not make their voice heard, fare far better than the old age pensioners.

It seemed more than coincidence that Members sat down the night to ensure that

our coal industry operates compared with France, Germany and Belgium. His question could quite well be extended to the ironfoundry industry which has considerable tonnage of foundry coke in its furnaces.

The current ex-works price of this coke is £95.30 per tonne, but our competitors pay less. At present French foundries which are competing very strongly in our domestic market, pay no more than £65.70. The UK foundry industry is rife with rumours that the price of foundry-coke is to be increased again this year. What hope, then, of our foundries being able to compete when they are saddled with this extra burden, not to mention the burden of increased costs from other nationalised industries? The disparity between the UK and French price for coke is such that, before long, some enterprising fuel merchant will seek to import French coke.

There are, it seems to me, two lessons to be learned from this, one by the National Union of Mineworkers and the other by the Government. The NUM and its members should pause to consider very carefully the extent to which they push their current wage claim. If they push it beyond the bounds of what can be afforded by increased productivity, they will be pushing fellow trade unionists out of work as we lose more markets because of dearer coal. The Government should press very strongly for the removal of coal subsidies by our Community competitors, and if unsuccessful, then it should remember the old adage: "If you can't beat them, join them!" and pay a subsidy on coking coal to match that found in Belgium.

D. L. Farrant, The Council of Ironfoundry Associations, 14 Pall Mall, SW1.

their salary and pension increases were secure before opening the books to reveal a frightening figure of nearly 2m unemployed.

When will all parties realise that the UK is in itself the largest public company we have. If the Board of any major company in this country had met in the still of the night to vote themselves salary increases hours before revealing near disaster their shares would have been suspended on the Stock Exchange.

Recently the Prime Minister, ably supported by Sir Keith Joseph, said they had found a unique way to get value for money from top management with the appointment of Ian MacGregor to British Steel. Payment by performance. May I suggest this, and all other Governments adopt the same policy. We are the shareholders in "United Kingdom Limited" and of course pay the massive Westminster wage bill and could think "0.8 per cent" £25 per week extra was gross overpayment.

Wilfred King, 17 Hargate Close, Tunbridge Wells, Kent.

Money for ballots

From the General Secretary, Amalgamated Union of Engineering Workers.

Sir—I cannot with complete confidence record the names of those responsible for the disastrous leaks upon which Christian Tyler's article (July 17) was based, but of course I have a good idea: nevertheless, I'm afraid his analysis is quite wrong.

The most obvious target is not, as he reports, the Bill's provision of public funds for financing trade union ballots. This is an unimportant residual issue compared with the deep subtle imperviousness of anti-trade union intentions of the Bill: this is why the three engineering representatives, on behalf of the AUEW, have played their part within the general council of the TUC in opposing the Bill in its entirety, and my union will continue to do so.

For some time now, however, all TUC unions who are able to run educational courses, have enthusiastically queued up for Tory Government grants to subsidise these activities—more dangerous conduct than receiving money for postal voting, the former influences thinking, the latter is a mere mechanical exercise.

(Sir) John Boyd, AUEW, 110 Peckham Road, SE15.

Trade union attitudes

From the General Secretary, Engineers' and Managers' Association.

Sir—Philip Bassett (July 22) unfortunately misrepresents what I said in my article in the current issue of my journal, when he says that I am urging the Government not to abandon its economic strategy in spite of TUC opposition.

What I was arguing was that the General Council should not demand that the Government should abandon its economic strategy as a condition of talking to them—which is quite different.

In fact, my union does not support Government's economic strategy, which is undermining British industry and needlessly creating unemployment.

The essence of my article was to do with the need for the TUC to fashion policies which would maximise support in opposition to the Government's economic policies as opposed to taking actions and striking postures which are divisive and ineffectual.

John Lyons, Engineers' and Managers' Association, Station House, Fox Lane North, Chertsey, Surrey.

The BBC's standing

From the Director, Public Affairs, BBC.

Sir—Lombard in the person of Ian Davidson (July 22) has strayed from the authority of his own territory and put forward his views on broadcasting, a territory with which, I suspect he is less familiar. Most of his notions have been dreamt up before and rejected many times for good reason after careful thought by people who have really studied the question. Take his main point—that the BBC should be placed under the Independent Broadcasting Authority, which he says "doesn't do very much now." For 53 years the BBC has been a chartered body with a Board

of governors, at once the supreme authority within the BBC and by convention and choice a trustee of the public interest in broadcasting. The IBA is a statutory regulatory body set up to watch over 15 separate companies operating under the Companies Act, and now with the additional task of looking after the fourth channel and independent local radio.

Commercial TV was deliberately set up to compete with the BBC and to exist on a separate financial basis. It could hardly do that if the finances got mixed up together and came under the same authority.

David Webster, BBC, Broadcasting House, W1.

Causes of inflation

From Professor A. Frank.

Sir—Mr. Brittan is permitting himself and his readers to be misled by the Organisation for Economic Co-operation and Development when he writes (July 17) that "oil price increases bring recession" and that the present world recession is a repeat performance of its 1974-75 predecessor. Like that, one, it has been triggered off by a "shock" increase in the oil prices and partly for that reason has been accompanied by a temporary acceleration in the inflation rate.

It is true that this has been the litany of OECD and other propaganda for many years, but OECD's own and all other evidence shows these statements to be false. The OECD graph reproduced by Mr. Brittan clearly shows that the growth rate of GNP began its decline before the "major initial impact of each oil shock" in the first semester of 1973 (more than six months before the first oil shock in October 1973) and at the beginning of 1979 that is long before the sharp oil price increases decreased in December 1978. (According to the OECD benchmark crude oil prices had risen only 14 per cent during 1979 by October compared to about 10 per cent inflation in the lower chart, not to mention the devaluation of the dollar, so that drawing of the shock line in mid 1979 is a bit arbitrary in structure). Thus, OECD facts which Mr. Brittan seems to make his own, completely belie his claim that oil prices bring or even trigger recession.

Indeed, in the special section at the back of the same Economic Outlook used by Mr. Brittan, OECD finds itself obliged to face up to its own and all other data and to admit that it seems clear that a substantial slowdown in economic activity was already taking place in the months immediately before the oil price rises in the autumn of 1973. The latest oil price rises also occurred when growth in the OECD area was apparently slowing down.

It is also popular to blame world inflation on the price of oil, and Mr. Brittan unfortunately echoes this propaganda. But the OECD chart he reproduces also shows clearly that the rate of inflation accelerated for a year and a half before the oil shock and declined soon thereafter. (Thus the two major oil price increases, not only followed major accelerations of inflation but may themselves have been caused by the inflations as oil producers sought to recoup their losses from inflation and dollar devaluation.

With 7 per cent to 15 per cent annual inflation between 1974 and 1979 according to the chart, total losses over the period were certainly much higher than the 10 per cent calculated by OECD and reported by Mr. Brittan. Quite properly, both the OECD and Mr. Brittan now emphasise the deflationary consequences of oil prices. The effects of an increase in the price of oil like an increase in VAT are deflationary and not inflationary, because they withdraw purchasing power, but only if the fiscal and monetary authorities do nothing to counteract them. Since 1974 Governments have deliberately reversed their recessionary effects through monetary policies. According to OECD "in recent months discretionary budget changes... in the United States and the United Kingdom alone are estimated to reduce the level of OECD area GNP by over 1 per cent below what it otherwise would have been by mid-1981."

In other words all other evidence clearly shows that neither recession nor inflation (let alone their stagnation combination) are caused or even triggered by the price of oil: so that they must be due to other causes. There were recurrent recessions for normal business cycle reasons for a long time before the price or even oil itself rose (two dozen of them in two centuries) and some, like the recent ones, have been aggravated by public policy.

As to inflation, the evidence is that it is not caused by rising prices of oil or of labour (for as the OECD and Mr. Brittan rightly point out and as is confirmed again for the UK by recent Government statistics, real wages have been falling and therefore could hardly be inflationary). The evidence is that "supply push/shock" inflation, which accelerates precisely at the beginning of recessions, is caused primarily by industries whose monopoly power permits them to defend their profits by increasing prices but reducing production and employment (while the monetarist authorities only permit this real inflationary cause to become operative by concomitantly increasing the supply of money).

Professor Andre Gunder Frank, University of East Anglia, School of Development Studies, Norwich.

Sales are the key

From Mr. A. Paske.

Sir—I was interested to read the letter from Mr. Oakeshott (July 19) and his ready-made solution to the difficulties now confronting Fodens.

Unfortunately Mr. Oakeshott falls into the same trap as so many would-be experts. In short, production is not the number one, selling the production is the number one, and this is an art which has never ever received its due in this country. It has always been somewhat shabby to be involved in sales but without sales you can produce and produce as much as you like, nobody buys them, and you are back to square one.

Regrettably workers' co-operation, that I have ever read about have failed to understand that the product must be sold and that is the reason nearly all have collapsed.

A. R. Paske, The South Bungalow, Regal Lodge, Kenilford, Nuneaton, Staffs.

Number one, the Daily Telegraph? Correct.

Number two, the Sunday Express? Right.

Number three, Radio Times? Right again.

Number four... wait a minute. Does Radio Times have the third highest coverage of any publication? It does indeed. In fact, taking magazines alone, Radio Times is number one.

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If you are, for example, in the travel business, this could mean a lot.

49% of those in this income bracket hired cars in the last twelve months.

Today's Events

Metropolitan Police Horse Show, Lamber Court (to July 26).

PARLIAMENTARY BUSINESS

House of Commons: Motions on EEC documents on New Zealand butter, and protection of workers from exposure to metallic compounds.

COMPANY MEETINGS

Armitage Shanks, 75 Harborne Road, Birmingham, 12. J. Billam, Royal Victoria Hotel, Sheffield, 12. Capital and Counties Property, St. Andrews House, 40 Broadway, SW, 12. Chamberlain and Hill, Chukery Foundry, Walsall, 12. Crosby Spring Interiors, Fiecc Hotel, S. Helens, 11.30.

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*BBC Businessman Readership Survey 1980.

Fiecc Hotel, S. Helens, 11.30. Downs Surgical, Selfridge Hotel, Orchard Street, WC, 12. Giltspur, Mount Royal Hotel, Bryanston Street, WC, 12. Greenhaven Securities, St. Andrews House, 40 Broadway, SW, 10.10. Hawtin, Metropole Hotel, Blackpool, 2.30. Edward Jones, Plascelyn, Bangor Road, Penmaenmawr, 10.30. Leopold Joseph, Brewers Hall, Aldermanbury Square, EC, 12. Portsmouth and Sunderland Newspapers, The Echo, Pennywell Industrial Estate, Sunderland, 12.30. UKO, Winchester House, 100 Old Broad Street, EC, 12. West Bromwich Spring, 75 Harborne Road, Birmingham, 12. Westbrick Products, Rougemont Hotel, Exeter, 12.

Advertisement for Radio Times, featuring a list of publications and a graphic of a radio set.

Davy falls to £15m but maintains 6.7p payment

AS foreshadowed at midway, there has been a sharp reduction in profits of Davy Corporation for the year ended March 31, 1980. The pre-tax figure is down from £26.13m to £15.94m and net profits are £9.41m compared with £17.16m previously.

The reduced profits together with a higher rate of tax affected earnings per share which are stated as 12.5p against 22.7p. However, the directors are maintaining the total dividend at 6.7p per share with an unchanged final payment of 4.7p.

Sir John Buckley, chairman, says the reasons for the sharp downturn are the same as given in the interim report—the engineering strike and steel strike in the UK affected manufacturing companies, heavy losses on contracts at the U.S. Olsen construction company while profit margins of the UK engineering and construction companies were not fully maintained.

Fortunately the nature and diverse locations of the group's mainstream business leave its profit less vulnerable to inflation, and together with a strong balance sheet and improved cash resources place the group in a good position, Sir John states.

Referring to the merger between Davy and McKee which became effective in November, 1978, the chairman says work has proceeded steadily on the integration of the two companies and is now complete.

An analysis of turnover—£752m (£811m)—and profit shows the UK side of Davy McKee Engineering and Construction contributed £265m (£275m) and £18m (£24.8m) while the U.S. German and other companies contributed £398m (£245m) and £7.3m (£5m). Engineering and manufacturing companies' contribution was £58m (£31m) and £1.7m (£1.2m) loss.

The outcome for Davy McKee in the U.S. has been encouraging and the forward workload has greatly improved says the chairman. However in the UK, the strong pound, inflation and high interest rates make the winning of export contracts extremely difficult.

Good prospects are indicated for engineering companies in the U.S.

The group's year-end balance sheet shows shareholders' funds at £83.85m (£79.44m), loans £31.09m (£32.3m), overdrafts and short-term loans £7.25m (£1.04m), and bank balances, deposits and bonds £77.34m (£69.87m).

Lex, Back Page

IMPROVEMENT BY UPDOWN INV.

After all charges including tax of £22,908 against £13,171 revenue available to ordinary holders of Updown Investment Co. investment trust, improved from £32,222 to £43,254 for the

first half of 1980. Gross income rose by £31,520 to £83,950. Net asset value per 25p share at the half year was 96.1p (74.2p a year earlier).

The company does not pay interim dividends—last year's single payment was 1.75p net.

Taxable profits of electronic, electrical and mechanical control equipment maker Tace, rose 8 per cent, from £265,000 to £285,000, in the six months to March 31, 1980.

Turnover showed a marked increase to £20.07m (£17.15m) and trading profit before interest charges (up from £202,000 to £282,000) rose by 22 per cent to £568,000 (£467,000).

The directors say that the worsening economic climate has led them to accelerate the development of new products, broaden their customer base at home and seek new export markets.

Higher interest rates on an unchanged level of borrowings, they add, largely offset the increase in trading profits. Maintained stock levels and decreased capital expenditure gave rise to the increased tax charge.

After tax of £144,000 (£57,000) and minorities £10,000 (£18,000) attributable profit was £58,000 (£132,000). Retained profit also showed a fall at £70,000 (£130,000).

An interim dividend of 0.85p net is declared, compared with 0.8p. Last time a final of 1.7142p was paid on pre-tax profits of £568,000.

The company says the first half has been a period of considerable volatility in financial markets, particularly North America, its most important area of investment; although the U.S. market rose 7.5 per cent, the decline of the dollar resulted in a fall of 1 per cent in sterling terms.

Give the strategy of concentrating investments in small and medium growth companies,

particularly in North America, the board considers the results satisfactory.

Oil and gas investment, accounting for 18 per cent of assets, made the most important contribution to the rise in net asset value. At the end of June 57 per cent of assets were invested in North America, 32 per cent in the UK, and 11 per cent elsewhere.

The rise in U.S. interest rates led to a large increase in borrowing costs and a substantial decline in net income, down to £105,000 against £209,000 in the same period last year. Gross income was £885,000 (£845,000) but interest and expenses took £580,000 (£436,000). Tax took £31,000 (£37,000).

The company expects the second half to bring a dramatic fall in interest rates, so net income will not be significantly different from last year's £522,000. The dividend of 0.7p net per 25p share is expected to be at least maintained.

ON TURNOVER up £10m at £49.8m, pre-tax profits of John I. Jacobs and Company, shipowners and shipbroker, advanced from £653,000 to £745,000 in the six months to June 30, 1980. In the last full year, profits were £1,33m.

Interim dividend is raised from 0.6p to 0.7p net and the directors say that although they do not expect the full year's earnings from trading to match those of 1979, they anticipate some improvement in the rate of final dividend. Last year's final was 1.5p.

The first-half surplus includes investment income and interest of £422,000 (£287,000) and a release of £238,000 (£133,000) previously provided for diminution in the value of listed investments, and is struck after interest charges of £50,000 (£8,000).

Tax takes £231,000 (£263,000), and attributable profits were £514,000 (£390,000).

A marginal reduction in pre-tax losses, from £71,881 to £51,860, is reported by Jatel, an investment holding company with Indian tea interests, for 1979.

The after-tax deficit is reduced to £64,860 (£83,984) and the loss per share from 6.2p to 4.28p. There was an extraordinary debit last time of £881,733.

The dividend is maintained at 4p.

Mr. Michael Hawker, managing director of Modern Alarms, has been appointed to the board.

Automated could make something between £2m and £2.1m pre-tax this year—a return on net capital employed comfortably over 30 per cent. There may be a recession but it has little effect on companies such as

HIGHLIGHTS

Davy Corporation has produced some poor results for the year reflecting growing margin pressures. The oil sector has gained another recruit with the coming of Charterhouse Petroleum, Lex looks at the prospectus and also analyses the impact on the Charterhouse Group. Lex considers the statistics on institutional investment in the quarter which is highlighted by the increase in overseas investments by the pension funds. On the inside pages the losses from Laurence Scott come in for comment and the figures from Mining Supplies are also considered, the latter has a near 30 per cent stake in Scott and makes no secret of its desires for a full take over. Automated Security produced its half time results which are predictably buoyant, but Negretti and Zambra whose figures are also commented upon produces less impressive news—the company is in the red and no dividend is being paid. Finally Carwoods reports another set of excellent figures though the company does now face tougher going.

Automated Security improves margins

RIGID CONTROL on manpower and expenses has enabled Automated Security (Holdings) to increase margins in the six months to May 31, 1980 with the result that pre-tax profits of the security alarm systems group climbed 42 per cent from £26,000 to £37,500, on turnover up 29 per cent to £8.6m. Second-half turnover is expected to continue at or above the present level. In the last full year turnover reached £11.12m and profits of £1.56m were achieved.

Mr. Thomas Buffett, the chairman, comments that despite the current economic climate the company continued to make steady progress in the first six months.

Modern Alarms, the group's major trading subsidiary, continued its planned investment programme in rental equipment by investing in excess of £1.5m on new rental installations in the period. Rental income in the first half was in excess of £2.5m.

Tax took £53,000 (£44,000) and earnings per 10p share are shown up from 6.52p to 9.21p, or from 5.6p to 8.02p fully diluted. The net interim dividend is lifted to 1p (0.77p) per share, absorbing £123,000 (£103,000)—last year's total was 3p.

In May the company raised £3.1m through a rights issue of 8 per cent convertible unsecured loan stock. Although these funds are being used to reduce gearing at present, in a period of high interest rates, a number of investment opportunities in the electronic security field are being considered.

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Mr. Michael Hawker, managing director of Modern Alarms, has been appointed to the board.

Mining Supplies up £1m and doubles dividend

RECOVERING STRONGLY from a £570,000 slump to £561,000 at midway, caused by the engineering strike, Mining Supplies has lifted its full-year taxable profits to £3.31m, compared with £2.27m. The single dividend for the 52 weeks to April 26, 1980, is doubled at 2p net.

Turnover improved from £20.43m to £24.54m. After tax of £1.47m (£714,603), stated earnings per 10p share are 8.2p (6.9p). The dividend absorbs £450,000 (£225,000).

Effective marketing and sales enabled the parent company to expand in existing market areas and substantially increase its export sales, say the directors. Development and research is continuing on a new range of mining equipment to be launched over five years beginning in December.

There is expected to be a steady growth in worldwide demand for the new shearer loader which has successfully completed surface trials.

Subsidiary American Longwall Mining Corp. is to begin local manufacture in a new factory which will be completed by the end of September and will also contain a spare factory.

Mechforge has retained its share of the market despite adverse conditions in the material handling industry, and a diversification of the product range has brought some increase in business. A considerable rise in demand for repair services has improved the overall balance of activities.

Mech Construction has stepped up its turnover and profit and the directors are confident it will continue to trade successfully despite more active competition in the depressed construction industry.

Earlier investment in Mech Cast has resulted in the company now realising its full potential. A growth pattern in line with the needs of the parent company is anticipated and production of castings for customers outside the group should increase steadily.

comment Mining Supplies produced a pre-tax rise of nearly 46 per cent last year, a performance which may help to fuel its confidence about launching a takeover bid for the 70 per cent of Laurence Scott which it does not own. MS's market capitalisation stands at more than £30m against just

DESPITE A much reduced loss in the second half, from £881,000 to £301,000, Laurence Scott, electrical machinery and control gear manufacturer, suffered a pre-tax loss of £1.87m for the year ended March 31, 1980, compared with £1.35m.

Turnover, up by 6 per cent to £39.26m (£37m), reflects a fall in volume, the directors say, and extremely competitive pricing worldwide.

Output is currently ahead of the same period last year, but they feel the continuing recession suggests that the improved trading trend, evident in the second six months of 1979/80 and the first quarter of the current period, may be slowing.

Loss was incurred after depreciation and plant leasing of £1.08m (£1,06m). Interest £243,000 (£422,000) and redundancy payments £69,000 (£375,000), but was before a tax credit of £744,000 compared with £370,000.

The attributable loss came out at £1.13m (£782,000), giving a

nominal dividend of 0.1p (2p) net is being paid.

The directors state that second half figures were after incurring a further loss of some £350,000 arising from the national engineering strike, which continued into the early part of that period.

A revaluation of the group's properties revealed a £4.45m surplus.

Liquid funds have increased by £2.1m over the year following the taking of £3m medium term bank loans, the directors explain. Gearing is approximately 27 per cent.

comment For a company with a reported pre-tax loss of £1.8m, actually 98 per cent higher than last year's loss, Laurence Scott did not attract much criticism in the market yesterday, where shares moved 2p upward to 60p. The reason for this reaction to the company's news is that an up-

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Current dividend	Total dividend	Total dividend
CC DIVS ANNOUNCED						
Automated Security Int.	1	Nov. 14	0.77	—	—	—
Cardinal Inv. Tst. Int.	1.65	Sept. 1	1.5	—	—	—
Carwoods	2.1	Aug. 29	2.25	—	—	—
Dares Estates Int.	0.5	Nov. 20	0.45	—	—	—
Davy Corp.	4.7	Oct. 3	4.7	—	—	—
Derby Trust	8.61	Oct. 3	7.19	—	—	—
Gordon & Goch	4.5	Oct. 1	2.95	—	—	—
John I. Jacobs	0.7	Oct. 15	0.9	—	—	—
Jatel	4	Oct. 1	4	—	—	—
Laurence Scott	0.1	Oct. 1	0.1	—	—	—
Y. J. Lovell	2	Oct. 1	1.5	—	—	—
Mining Supplies	2	Sept. 10	1.38	—	—	—
Negretti & Zambra	2.6	Oct. 1	2.6	—	—	—
Alfred Proddy	2.5	Oct. 1	2.25	—	—	—
St. Andrew's Trust	2.5	Oct. 1	1	—	—	—
Stroud Riley Drums	0.35	Sept. 15	0.3	—	—	—
Tace	—	—	—	—	—	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes special 0.35p. § Final not less than 3.5p forecast. ¶ Includes 1p non-recurring dividend.

£5.7m for the latter, of which £4m is outside its hands. MS has little gearing to speak of. Turning to last year's profits showing, it is clear that the company had an impressive second half, partly as a result of its increase in export sales and also because of several contract completions. The increasing world interest in coal production should help future prospects as MS develops its shearer business with a number of new orders. Research and development costs may have been pretty writing off as an exceptional credit in the preliminary report. MS has doubled the total net dividend, yielding just 2.1 per cent at 135p, up 1p. On stated earnings, MS is traded on a multiple of more than 16, which suggests that the market still sees further growth potential.

comment The interim dividend is raised from 32p to 39p, but again its final dividend will be paid. Offer price for participating shares at June 26 was £14.65 (£13.58).

Derby Trust Available revenue of the Derby Trust came out nearly 30 per cent higher at £254,306, against £211,177, for the half-year ended June 30, 1980, after tax of £136,109, compared with £128,369.

The distribution is equivalent to an interim dividend of 8.61p.

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Cavwoods

Record increase in turnover and profits

The Chairman, Mr. Edward Binks, reports:

Turnover up 31% to £309 million and profits before taxation up 42% to £13.4 million.

Capital expenditure on plant and vehicles, equipment for leasing, and increased investment in LASMO was a record £12.9 million.

Present market value of our investment in LASMO £52.0 million compares with the cost figure in our balance sheet of £7.7 million.

Government economic measures are having an increasing effect upon trading conditions in industry generally, but with our spread of interests, sound management team and strong financial position we shall be well placed to benefit from the upturn in the economy when it occurs.

Group results for the year ended 31st March

	1980	1979
£000	£000	£000
Turnover	309,615	236,998
Profit before tax	13,396	9,450
Profit after tax	10,312	5,693
Extraordinary items	90	(385)
Retained profit	8,567	3,860
Earnings per ordinary share	21.15p	11.71p
Dividends per ordinary share	3.50p	2.77p
Ordinary dividend—times covered (fully taxed basis)	3.78	3.01

Dividends. A final dividend of 2.1p is proposed making a total of 3.5p for the year ended 31st March 1980.

Divisional contributions to Group profit

	1980		1979	
	£000	%	£000	%
Fuel distribution	6,496	53.8	3,988	46.3
Sand and gravel and builders supplies	3,411	28.2	2,513	29.2
Road materials and concrete products	747	6.2	840	9.7
Refractories	284	2.4	124	1.4
Shipping services	682	5.6	651	7.5
Packaging	455	3.8	508	5.9

Interest and investment income	1,321	826
	13,396	9,450

Cavwoods Holdings Limited

The Annual General Meeting will be held on 28th August 1980.

Copies of the Report and Accounts will be available after 1st August 1980 from the Secretary, Southlands, Ripon Road, Harrogate HG1 2HY.

Pritchard: no directorship for Ashcroft

Mr. Michael Ashcroft, who acquired 20.1 per cent of Pritchard Services Group in a "dawn raid" last week, is not to get a board seat on Pritchard at this stage.

Yesterday, Peter Pritchard, the chairman, said that his request had been carefully considered but "in the absence of full particulars from Mr. Ashcroft regarding his future intentions, it would be inappropriate to accede to his request."

After his raid last week, Mr. Ashcroft said he would be prepared to buy up to 29 per cent of Pritchard but did not intend at present to make a full bid.

At yesterday's board meeting of Pritchard Mr. Ashcroft gave assurances that if appointed he "would not do anything which would be regarded as provocative."

Rather, he wanted to "facilitate the consolidation" of Pritchard's interests with his own cleaning business through Provincial, the laundries group.

In spite of Mr. Ashcroft's assurances, the Pritchard board could not satisfy itself that his appointment would be "in the long-term interests" of the company.

COSTAIN GROUP Costain Group is forming a Mexican company, to be known as Mapec S de CV, which will undertake civil, mechanical, electrical and instrumentation design and construction work for Of the Mexican shareholding in Mapec, 91 per cent will be held by Medrano y Asociados Construcciones SA and three of its directors. The remainder will be held by Costain.

PETROLEOS MEXICANOS U.S.\$100,000,000 Floating rate notes 1984 For six months 24th July 1980 to 26th January 1981

In accordance with the provisions of the notes notice is hereby given that the rate of interest has been fixed at 9 1/4% per annum.

By: Chemical Bank, London (Agent Bank)

SPAIN		
July 24	Price	Change
Banco Bilbao	228	+2
Banco Central	246	—
Banco Exterior	210	—
Banco Hispano	224	—
Banco Ind. Cat.	120	—
Banco Madrid	141	—
Banco Santander	278	—
Banco Urquijo	135	-3
Banco Vizcaya	236	—
Caixa de Pensiones	21	—
Dragados	86	+2
Española Zinc	88	+2
Española Fina	89	—
Gal. Prec.	25	+0.2
Hidro.	25	+1
Gal.	67.2	+1
Industria	81.2	—
Petroles	118.2	+2
Petrolifer	87	—
Sogefina	107	—
Union Electric	66.2	+0.5

Charterhouse selling 51% stake in N. Sea offshoot

Negretti suffers £0.4m loss despite late rally

Gordon & Gotch profits up 45%

AT LEAST £25.55m will be raised by Charterhouse Group through the offer for sale of a majority stake in Charterhouse Petroleum (CP), the North Sea oil company with a 23 per cent interest in the Thistle field.

The underwritten offer is being made by tender at a minimum price of 65p per share. Charterhouse will sell 42m shares, representing 51.25 per cent of CP, and is seeking a full Stock Exchange listing for the new company. It will be the first time that a British company with North Sea production and exploration acreage has been floated in London.

Charterhouse is making the offer to its own shareholders, to the employees of CP and to shareholders of Keyser Ullmann Holdings, with which it recently agreed a merger. Charterhouse has already subscribed £28.9m for shares in CP and, in return, has received £2.7m as repayment of inter-company indebtedness.

At the minimum tender price, Charterhouse will therefore receive £28.9m after expenses, while CP will be left with cash of £2m for future exploration and development. Charterhouse will use its net proceeds initially to reduce its debt, and then to pay out at the minimum offer price, CP is capitalised at £22m. Mr. Philip Ralph, a director of Charterhouse Japhet, said yesterday that this figure could be arrived at by valuing the discounted net cash flow from CP's holding in Thistle at £30m. To this figure is then added the £30m cash and £10m made up of interests in other licences and intangibles such as Seventh Round participation. Deductions of £8m for current liabilities and deferred tax bring the figure back to £52m.

In a lengthy offer document, Charterhouse forecasts that CP will make pre-tax profits this year of at least £2.5m, including £1.1m of interest, on the £20m cash. This compares with profits last year of £1.55m. Net assets per share are given as 58.5p while the second-half dividend is forecast at 0.5p, producing an annualised yield of 2.4 per cent at the minimum price. On the same basis, the prospective p/e works out to 19.7.

Apart from cash and its Thistle field interest, CP's assets include a one per cent interest in a field adjacent to Thistle where hydrocarbon accumulations have already been discovered. It also owns an 8.166 per cent interest in two blocks where an exploration well should be drilled later this year and 9.8 per cent of a block which is currently the subject of seismic surveys.

CP will be applying for licences in the forthcoming Seventh Round of North Sea applications through its interest in three

consortia operated by Gulf and Burnah. Finally, CP has a 30 per cent interest in Jubilee, another company which will be applying for licences.

CP is currently negotiating an agreement which would enable it to take an 8.3 per cent interest in an existing licence, in return for a 17 per cent contribution to drilling costs on an exploration well.

The company also plans to spread its production interests over more than one field and to reinvest its Thistle cash flow in oil and gas ventures in and around the UK. In addition, it will examine opportunities outside the UK, particularly in North America.

Charterhouse says that it would have preferred to have made the offer to shareholders on a pro rata basis but that this course of action could have resulted in tax disadvantages. Applications will be for a minimum of 100 shares and must be lodged by 10 am on August 7. No tenders will be accepted below the minimum offer price.

Giving reasons for the offer, Charterhouse says that it believes CP "would benefit from access to alternative sources of finance and the ability to make acquisitions by the issue of its own listed securities." Charterhouse itself intends to maintain "a substantial minority interest" in the company.

The offer is being underwritten by Greaveson, Grant and CP's advisers are Charterhouse Japhet.

Lex, Back Page

ALTHOUGH the expected improvement in second half trading was realised, Negretti and Zambra, industrial and aviation instrument maker, plunged heavily into the red in the year to March 31, 1980. A pre-tax loss of £407,588 is reported compared with profits of £106,643 in the previous year. Turnover moved ahead from £11.25m to £11.34m.

No dividend is being paid against 1.8267p last time. Mr. Bob Ford, chairman, who had forecast an improved second half performance in his interim report, says the period showed a trading profit of £235,849, compared with a loss of £237,650 in the first half.

This improvement was due to a better business basis and a reduction in costs resulting from product rationalisation and the disposal of certain of the group's assets.

Reorganisation and redundancy costs at Aylesbury and Willesden accounted for £211,897 of the £1.12m extraordinary debits, and stock write-off less unrequired provisions cost £200,777. A former director received an ex-gratia payment of £34,000. In the previous year extraordinary debits accounted for £54,258.

After tax considerably higher at £137,370 (£8,852) there was an attributable loss of £1.66m (£55,755 profit). There is a stated loss per 25p share of 28p (earnings 3p). The book worth of an ordinary share is down from £10.45p to 53.4p.

Negretti and Zambra (Aviation) now accounts for

approximately half of the group's turnover. This division had an excellent year and again achieved record sales and profits. Exploitation of the broadened product base continues both at home and overseas, with increasing market penetration into all continents.

The Board abandoned its rationalisation plans in the industrial division because of the difficult environment that existed, especially after the engineers' strike and a fire which destroyed the group's electronic assembly area in July. The traditional instrument business and the related photo-medical business have been sold.

The industrial division, now Negretti Automation, has consolidated its reduced workforce into a single building on the Aylesbury site.

The electrical subsidiary, Sepkarn, had a poor year, says Mr. Ford, but following management and other changes it has now met its budget and improved its order book in the first quarter of the current year.

Mr. Ford, looking ahead, says it is difficult to be optimistic. So far this year the group is on budget, although this predicts a loss at the half-year stage. He expects to see a marked improvement in performance in the second half.

comment

Like a balloonist losing altitude, Negretti and Zambra is jettisoning ballast in the hope that microprocessors will lift it to new heights later in the decade. Interest charges have wiped out

the second half trading profit and gearing has shot up to 37 per cent, so the need for asset disposals has become urgent. The traditional industrial instrument business has already gone and a leasehold site will soon be disposed of but further surgery may be necessary. The Sepkarn electrical business lost £186,000 last year but Negretti is still hoping that new management will put it right. If that proves to be the case, and microprocessor orders continue to build up, Negretti may still bring smiles to the faces of its NEB backers. Yet the shares, at 38p, are now around half the price at which the NEB bought them two years ago and last year's huge attributable loss has helped to knock 40 per cent off their net asset backing, so there is a lot of ground to make up.

At the interim stage, when there were pre-tax profits of £312,000, Sir Anthony Percival, the chairman, confidently expected that the second half result would be similar. The final dividend, also forecast at mid-year, is 4.5p, lifting the total from 8.96p to 7.5p net. For the current year, the board says it expects to continue its policy of paying increased dividends based on secure profits.

In the first three months, contributions from computer bureaux, air freight and overseas investments are ahead of budget, but the publications exporting side and the related seafreight container groupage business have suffered from the journalists' dispute at IPC in May and June.

All publishing activities continue to be hurt by high interest rates and exchange rates, overpriced magazines and rising fuel costs, say the directors. Together, these factors have caused the first quarter figures to lag some 22 per cent behind those of 1979.

Sales, excluding associates' turnover, went ahead from £25.1m to £30.91m. The surplus, which includes the share of associates' profits, is subject to tax of £595,512 (£437,799). After tax of £5,474 (£6,423), of £1.3p was paid.

TAXABLE PROFITS of Gordon and Gotch Holdings, magazine and book exporter and computer bureau operator, rose in line with the midway forecast to £1.23m for the year ended March 31, 1980, a 45 per cent increase on the previous year's surplus of £832,569.

At the interim stage, when there were pre-tax profits of £312,000, Sir Anthony Percival, the chairman, confidently expected that the second half result would be similar.

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Dares down £89,000 but pays more

A FALL in pre-tax profits from £164,000 to £75,000 is reported by Dares Estates, builder and property holder, for the first half to June 30. Stated earnings per 10p share are 0.63p against 1.83p. After an extraordinary credit of £130,000 (£103,000) earnings are 1.73p (2.98p).

The company says profits have been reduced by high interest rates and the scarcity of mortgages. It anticipates that there will be no liability for tax. While trading conditions remain difficult, the board is confident that the group, particularly with the proposed acquisition of Stanhope General Investment Company, is well-placed to take advantage of any upturn in the business climate. The interim dividend is lifted to 0.5p (0.45p). Last year a total of 1.13p was paid.

Oil shares offered to Scottish fishermen

The Fishermen's Petroleum Company is offering Scottish fishermen the opportunity to participate in North Sea oil exploration through an offer for sale of 600,000 shares at £1 each. The offer, which is not being underwritten, is open only to individuals or companies involved in the Scottish fishing industry.

If successful, it will enable the company to take a stake of up to 4 per cent in a consortium which plans to apply for one or more licences in the Seventh Round of North Sea licensing. Kerr-McGee (UK) will act as operator for the consortium and will also take a 45 per cent interest. The remaining 55 per cent will be held by UK companies.

The company says that, if it succeeds in obtaining a licence, it will seek consent for its shares to be traded under Stock Exchange Rule 163 (3). It is hoped that dealings could commence at the beginning of 1981. No blocks are offered to the consortium, or "if the terms could unexpectedly prove not negotiable" the company will turn subscribed funds to applications, together with accrued interest.

Higher borrowing costs leave A. Preedy lower

FOLLOWING an increase of £50,000 to £542,000 in net borrowing costs, taxable profits of A. Preedy and Sons fell in the 12 months to March 29, 1980, to £1,000, compared with £1.24m in the previous 53 weeks.

In the midway the group, whose interests include wholesale and retail distribution of tobacco, confectionery and fancy goods as well as "flying newspapers, stationery, toys and games, reported a loss before tax of £184,000, compared with a profit of £160,000.

But the directors said that the company was experiencing an increase in sales of non-tobacco goods and they forecasted a return to more normal levels in the second half year. Turnover for the year ended March 29, 1980, rose from £54.33m to £56m and operating profit rose to £15.1m (£14m).

Tax charged fell from £109,000 to £75,000 leaving earnings per 25p share of 5.77p (13.7p).

A new employers' share scheme is planned and an initial provision of £28,000 has been made against profits.

After minorities, profit attributable shows a marked fall from £1.12m to £787,000.

A revaluation of the group's properties has resulted in a surplus of £2.19m, which has been credited to reserves, and a surplus on the sale of freehold properties amounted to £145,000 (£142,000).

The final dividend of 2.6p leaves the total unchanged at 3.35p net.

The results include those of Midland Educational, acquired last year, which earned taxable profits of £403,000 on sales of £9.45m.

Half-Yearly Statement

London and Manchester Assurance Group

The Group's premium income and new business figures for the half-year ended 30 June 1980 were as follows (the corresponding figures for the six months to 30 June 1979 are shown in brackets):

PREMIUM INCOME		
London and Manchester Assurance		
Ordinary Branch	£000's	£000's
Premium Income and Annuity Considerations	7,754	(6,974)
Investment Trust Retirement Annuities: Single Premiums...	32	(32)
Industrial Branch		
Premium Income	11,039	(8,651)*
General Branch		
Premium Income	2,589	(2,086)
All risks of the General Branch are wholly reinsurance		

Wellfare Insurance		
Ordinary Branch		
Premium Income and Annuity Considerations	7,792	(6,382)
*This amount includes Life Assurance Premium Relief received only from 5 April 1979.		

NEW BUSINESS FIGURES		
Annual Premiums	£,358	£,238
Single Premiums	1,137	817
together providing sums assured of	173,665	167,817

The new business figures are net of reinsurance. All Annual Premium figures shown are gross of LAPR, where appropriate. It is emphasised that the new business figures at the half-year do not necessarily provide a reliable guide to those for the full year.

London and Manchester Assurance Company Limited

Here's one British business with news to warm your heart.

British Gas belongs to the nation. We all stand to gain from a strong, efficiently run, profitable gas industry. And that's what Britain has.

British Gas has just published its Annual Report and Accounts—and the news is good.

Record profits earmarked for massive investment programme

British Gas is wholly self-financing. The record profits announced in this year's accounts will play their part in fuelling the massive investment (over £4 billion) needed to meet Britain's growing demands for energy in the 1980's and beyond.

For instance, British Gas recently announced plans to develop its vast Morecambe Bay gas field off the Lancashire coast. This alone will cost around £1,000 million.

A further massive investment is planned to create a gas store in the partially depleted Rough Field off Humberside. This will be the first time that an offshore gas field has been used in this way.

Further major investment plans include the laying of the Corporation's biggest ever onshore pipeline—from St Fergus in Scotland to the North of England—and continuing high technology research into the feasibility of producing Substitute Natural Gas from coal on a commercial scale. This vitally important work represents a boost to the British economy.

Gas Gathering Programme

British Gas is playing a leading role in the preparatory work for the gas gathering scheme, which will bring into the nation's gas supply system from the second half of the 1980's enormous quantities of energy—which would otherwise have gone to waste.

Gas Prices

Over many years, gas customers of all kinds have enjoyed something of a bargain—and they are still benefiting, even though prices have risen, because those prices are appreciably lower than other fuels.

For domestic customers, The Guide to Fuel Running Costs, available from Gas showrooms, demonstrates this very clearly.

As we all know, the age of cheap energy is gone—probably forever—but efficient management will help ensure that gas prices remain competitive for the foreseeable future.

An integrated industry

British Gas is a national asset, efficiently run for the nation's benefit. From exploration, through bulk transmission of gas—and right into each home and factory connected to the supply system, it covers a whole range of gas activities. Its profits mean not only that it is able fully to finance its own investments, but also provide a surplus which helps significantly to reduce the Public Sector Borrowing Requirement. In that way the profits benefit the entire nation and not just the gas customer. In fact, British Gas is probably the largest and most successful fully integrated gas undertaking in the world—and that should be news to warm any Briton's heart!



BRITISH GAS
OUR VITAL INDUSTRY

APPOINTMENTS

Public Relations

Due to planned retirement, a major British group operating internationally in industry and oil seeks a successor to lead the Public Relations Division.

- **RESPONSIBILITY** is to the board for the management of the division with special emphasis on contact and liaison with government, the financial world and the press. A directorship could follow and the appointment need not be regarded as a final career step.
- **THE TRACK RECORD** should include proven success in line management. Demonstrable communication skills are required.
- **AGE 35/45.** Salary in the order of £25,000 plus attractive fringe benefits.

Write in complete confidence
to D.A.O. Davies as adviser to the group.

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Life Assurance

LONDON MANAGEMENT

An established and fast growing company in the traditional life and pensions field is making this senior appointment to strengthen and expand its presence in the London area.

- **THE ESSENCE** of the role is to build up an effective sales team to generate an increased volume of business and establish a close relationship with brokers and other intermediaries.
- **THE PRIME REQUIREMENT** is a record of success in a similar role, involving the management and development of sales through intermediaries. Experience of controlling administrative staff is essential, and familiarity with the London market would be a distinct advantage.
- **TERMS** are for discussion up to £30,000 with a car and the normal insurance sector benefits.

Write in complete confidence
to J.A. Sturrock as adviser to the company.

TYZACK & PARTNERS LTD

MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
21 AINSIE PLACE and EDINBURGH EH3 6AJ

FINANCIAL
CONTROLLER
BERMUDA

One of the world's leading international trading companies seeks a vigorous chartered accountant to manage its financial operations in Bermuda. An attractive compensation package is available with management and salary history to Omni, P.O. Box 34449, Washington, D.C. 20034, attn: Mr. White.

LEGAL NOTICES

IN THE MATTER OF
ANGLESSEA SHELLFISH LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the
Creditors of the above named Company,
which is being voluntarily wound up,
are required, on or before the 15th day
of August, 1980, to send in their full
names and addresses, full particulars of
their debts or claims, and the names and
addresses of their Solicitors (if any) to the
undernamed LAURENCE JACK GERRARD
F.C.A., Chartered Accountant,
of Adam House,
14, New Burlington Street,
London, W1K 2BU

the (Joint) Liquidator of the said Company
and, if so required by notice in writing
from the said Liquidator, to come in and
prove their debts or claims at such time
and place as shall be specified in such
notice, or in default thereof they will be
excluded from the benefit of any distribution
made before such debts are proved.
Dated this 21st day of July 1980.
LAURENCE JACK GERRARD,
Liquidator.

IN THE MATTER OF
SPIRIT GIFTS (MANUFACTURERS)
LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948
NOTICE IS HEREBY GIVEN that the
Creditors of the above named Company,
which is being voluntarily wound up,
are required, on or before the 15th day
of September, 1980, to send in their full
names and addresses, full particulars of
their debts or claims, and the names and
addresses of their Solicitors (if any) to the
undernamed BRIAN MILLS,
of 1 Wardrobe Place,
Canterbury,
Kent, SE1 1JL
LAURENCE JACK GERRARD,
Liquidator.

PUBLIC NOTICES

EAST SUSSEX COUNTY COUNCIL
£4m Bills issued on 23rd July 1980.
£4m Bills issued on 23rd July 1980.
£4m Bills issued on 23rd July 1980.
£4m Bills issued on 23rd July 1980.
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£4m Bills issued on 23rd July 1980.

MINING NEWS

Amax has good
second quarter

BY KENNETH MARSTON, MINING EDITOR

SECOND quarter results now coming in from the major North American natural resource groups for the most part tell a story of earnings higher than those of a year ago, but lower than those of the buoyant first quarter of this year when metal prices were still riding high.

Even so, the combined earnings for the first two quarters of this year still make a good showing and allow for some further falling off in line with the world recession in the current half-year.

America's Amax has done notably well in the past quarter, as recently forecasted in this column. Earnings came out at a net \$141.2m (£55m) equal to \$2.22 per share on the capital increased by the issue of 5.4m shares in April for the acquisition of the remaining 63 per cent of Resco Resources and for preferred stock conversions.

Earnings for the first half of this year are brought to \$261.5m, or \$4.66 per share, compared with \$187.6m in the first half of 1979 when the year's total reached a record \$366.4m.

Mr. Pierre Gosselin, chairman of Amax, commented that the latest first half results were "attributable to strong earnings from diversified operations and our ongoing capital investment programme which has provided the company with new and modern plant and equipment." They also benefited from the inclusion of results from Resco.

He added that Amax sales for the first half of this year rose to \$1.65bn from \$1.3bn in the same period of 1979 mainly as a result of higher molybdenum, coal and copper deliveries. Thanks to continuing high income from moly and the oil and gas interests, Amax still hopes to achieve a new earnings record this year, but matters are not being helped at the moment by the U.S. copper workers strike.

But declining Inco
to cut production

THE WORLD'S major nickel producer, Canada's Inco, has suffered a sharp reversal in the second quarter and with unsold nickel stocks now up to 104m lbs again — the same level as a year ago — the group says that "steps have been taken and others are under consideration to reduce production in accordance with the company's policy to maintain a prudent balance between production and deliveries."

Second quarter earnings have fallen to U.S.\$46.1m (£19.4m), or 33 cents per share, from the record \$97.5m in the first quarter. The resulting first-half 1980 total of \$145.6m goes against only \$16.6m in the same period of last year.

But during the major part of the latter period Inco's earnings were hit by the long strike which halted production of copper and nickel at the company's important Sudbury, Ontario, operations.

However, Inco is maintaining its latest quarterly dividend at the increased rate of 15 cents which was set in the first quarter of this year following the previous payment of 15 cents.

Lower earnings in the past quarter reflected reduced sales of both nickel and copper and lower prices for the latter metal. In addition, the weak U.S. dollar made for currency exchange losses while the Inco Electro-chemical division suffered an operating loss in line with the

Renison plans
scrip issue

THE TASMANIAN tin producer Renison, part of the Consolidated Gold Fields group, plans a capital reconstruction after being profitable and dividends for the year to June 30. Net profits rose by 13 per cent to AS\$25.7m from AS\$22.7m, and the dividend is being raised to AS\$1.35 a share from AS\$1.20.

Reports James Forth in Sydney.

The directors plan to split the share into two shares for every one held. A scrip issue will then be made on the basis of three new shares for every 20 held. A holder of 100 shares at present will therefore end up with 230 shares.

Renison expects to pay dividends of at least 50 cents a share on the new capital structure.

Industrial trouble in the final quarter resulted in lower tin output for the year, but this was more than offset by buoyant tin prices.

Cominco turnaround

Canada's Cominco reports second-quarter earnings of C\$94.9m (£12.6m) which makes a total for the first half of this year of \$94.6m, or \$5.30 per share, compared with \$83.9m in the first half of 1979, reports John Sogahian from Toronto.

Mr. M. Norman Anderson, the chairman, says that basic metal prices, which peaked in mid-1979 softened earlier this year as a result of the downturn in the level of economic activity, particularly in the U.S.

Demand for refined lead and zinc has fallen, but the market for lead and zinc concentrates remains firm. World stocks of the two metals, including those of Cominco, are considered to be at lower levels, and because of this it is thought that weak market conditions will not be prolonged for the time being.

Meanwhile, demand for the group's gold and silver is expected to remain firm and higher prices have been obtained for the chemicals and fertiliser.

Cominco's C\$180m Polaris zinc-lead project in the Arctic (90 miles from the North Pole) is proceeding on schedule towards production in 1982, and work has started to increase potash production in Saskatchewan.

Of other Canadian results, Copper (formerly Falconbridge Copper) has lifted profits for the first half of this year to C\$17.1m from C\$15.7m in the same period of 1979.

The better performance has reflected higher copper, gold and silver prices, although these have been offset to some extent by reduced production of copper and zinc.

Income increased, and higher interest rates also contributed to the better earnings.

Canada Tungsten Mining has more than doubled first-half 1980 income to C\$12.7m, or C\$2.55 per share, from C\$5.8m. But the lead-silver producer, Cyprus Amax, has had a poor second quarter. Earnings have dropped to C\$3.3m, bringing the half-year total to C\$12m from C\$24.6m a year ago, owing to lower production and reduced metal prices.

ROUND-UP

An increased interim of 9 cents (4.4p) is declared by Utah Mining Australia, which lists 10.8 per cent of the U.S. Utah Development, the biggest coal producer in Australia. Last year UMA paid an interim of 8 cents followed by a final of also 8 cents.

York Resources' takeover of the Toronto-based Copcon Resources Inc involves a new Canadian company, Copcon Resources for each Copcon Resources and not one share as reported by the company's agency yesterday.

America's Fluor Corporation says it has been selected by Shell Oil to construct a coal processing and shipping facility at the latter's Buttsville mine near Gillette in Wyoming. The value of the contract was not disclosed.

Expansion
at Great
Portland

In his annual review, Mr. Basil Samuel, chairman of Great Portland Estates, is optimistic that the rent roll for the current year will approach or even exceed £12m. Last year's rent roll exceeded £10m for the first time.

On future developments, the chairman says that with high interest rates, it is not a prudent view to be heavily involved in speculative activity.

As a result, the next year or so is unlikely to see the group developing or refurbishing on a large scale, but the chairman is still active in seeking opportunities to continue the policy of rebuilding the portfolio when possible, the chairman says.

The board has already submitted planning applications for some 175,000 square feet in the City and West End and a further 75,000 square feet are in the pipeline.

As reported on June 11 with a one-for-four scrip issue, revenue before tax for the year to March 31, 1980 increased from £8.08m to £7.69m. The dividend is effectively lifted to 5p (3.33p) and a maintained dividend is forecast for the current year.

As at balance date, net assets employed stood at £196.15m (£188.2m) and total shareholders' funds were £178.33m (£171.37m). Meeting, City Royal, W., September 2 at noon.

IN BRIEF

CASTINGS (malleable iron/founder) — Results for year to March 31, 1980, already known. Shareholders' funds (£48,547,000) bank overdraft (£48,547,000). Chairman says a marked deterioration was seen at the beginning of May when a decrease in orders and schedules, and this has proved to be a falling off in trade generally, both at home and abroad. Although company losses a difficult year, it is well equipped to meet both the demand of the future and competition from home and abroad.

H. P. BULMER HOLDINGS (cider, pears, wines and spirits) — Results for year ended April 30, 1980 reported July 10 in full preliminary statement. OCA basis, pre-tax profits £24.7m (£19.2m) compared with historical £2.28m (£2.77m). Total shareholders' funds £24.25m (£22.99m). Bank overdrafts and loans £11.07m (£7.26m). Long-term loans £58,000 (£43,000). Meetings, Hereford, September 8, 2.30 pm.

BIDS AND DEALS

Bell Grp. seeks
Panel approval

Bell Group of Australia is now seeking the approval of the Takeover Panel for its partial bid for Rolls-Royce Motors Holdings, and has also appointed Barclays Merchant Bank as its financial advisers.

This follows the panel statement on Wednesday that Bell has announced its \$5p a share offer without the Panel's prior approval. Vickers has already made an agreed \$38m bid worth around 70p a share for the whole of Rolls-Royce Motors.

Bell, whose interests span transport, television and newspapers, already owns 3.9 per cent of the company and is now bidding for a further 21.1 per cent — a long-term investment in Rolls-Royce.

Bell's bid is subject to the Vickers offer not going through and has already been rejected by Rolls-Royce. Bell also needs the agreement of Rolls-Royce to allow it to become a shareholder under the discretionary provisions in its articles relating to foreign ownership.

Bell said in a statement made through its new advisers that it would like to acquire a controlling interest so that Rolls-Royce could remain British "in nature and control," maintain its existing traditions, and ensure the continuation of its name.

The panel's earlier statement said Bell's initial bid announcement left out material information needed under the Takeover Code. Yesterday Bell said that it had enough money to make its bid and had the formal agreement of the Reserve Bank of Australia.

'Unwelcomed' approach for Higgs & Hill

Higgs and Hill, the building group, has had an "unacceptable" bid approach from a UK company, but talks are still going on in an attempt to design an acceptable set of proposals to the company said yesterday.

So far the approach has not been formulated in terms of an official offer and the Higgs and Hill board is not making the unnamed suitor's task any easier by claiming its approach is "unwelcomed."

Meanwhile, holders of the convertible loan stock are reminded that the last day for exercising their conversion rights is July 31. They should not let the date pass, the board need not be bound to make an offer to loan stock holders based on their existing conversion rights.

In the market Higgs and Hill's shares rose 24p to 92p. Apart from Prudential Assurance, which owns 62 per cent, the board knows of no significant outside interest in the company.

KIO-HAY'S WHARF UNCONDITIONAL

The Kuwait Investment Office offer for the ordinary shares of Hay's Wharf has become unconditional.

KIO held 7.02m shares before the announcement of offers and has purchased a further 3.83m shares in the market bringing its total holding to 10.85m shares (50.5 per cent).

The formal offer document will be posted next week.

GREYCOAT'S £1.2M PROPERTY DEAL

Greycoat Estates says contracts have been exchanged for the acquisition from Forte and Co., Legal and General Assurance Society and First Palace Securities of their respective interests in 193-207 (old) Victoria Street, London.

The property, which is fully let, has an overall frontage to Victoria Street of about 180 feet, with shops on the ground and basement floors, and four floors above, predominantly used as offices.

The property offers future prospects of modernisation or long-term development.

The consideration payable by Greycoat amounts to £1.22m and will be satisfied upon completion by the allotment to the vendors of 297,450 Greycoat new ordinary 10p shares.

All the new shares to be allotted to the vendors have been placed conditionally by Rowe and Pitman.

CHARTERHOUSE/KEYSER ULLMANN

The offers by Charterhouse Japhet on behalf of the Charterhouse Group for Keyser Ullmann

COMPANY ANNOUNCEMENT

Malayan Tin Dredging (M) Berhad

(Incorporated in Malaysia)

RESTRUCTURING OF CAPITAL

The resolutions set out in the Notice convening the Extraordinary General Meeting held on 21st July, 1980 were duly passed and the capital of the Company has therefore been increased to 300,000,000 shares of ten (10) sen each.

New certificates expressed in terms of ten (10) sen shares will be available for despatch to shareholders who have requested to complete and return the ENCLOSED FORM IMMEDIATELY TOGETHER WITH YOUR OLD SHARE CERTIFICATE(S), TO THE REGISTRARS AT THE ADDRESS INDICATED IN ORDER TO FACILITATE THE EARLY LISTING AND QUOTATION OF THE NEW SHARES. Application for the listing and quotation of the new shares will have been submitted by the time you receive this notice.

Although certificates expressed in terms of \$1.00 each will continue to be accepted for exchange purposes for an indefinite period, SUCH CERTIFICATES WILL CEASE TO BE VALID FOR TRANSFER PURPOSES AFTER 30th AUGUST, 1980 and transfers after that date will only be accepted if accompanied by the new certificate(s) expressed in terms of ten (10) sen shares.

One new certificate will be prepared in respect of each holding and shareholders may split their certificates if they so wish subject to payment of the requisite stamp duty (not applicable to Shareholders on the U.K. Register) provided that any request for splitting is received before 26th November, 1980.

To facilitate the exchange of certificates and to maintain an orderly market in the shares of the Company, applications will be made to The Kuala Lumpur Stock Exchange, The Stock Exchange of Singapore Limited, and The Stock Exchange, London and transfers after that date will only be accepted if accompanied by the new certificate(s) of the new shares of ten (10) sen shares.

MEMBERS ARE REQUESTED TO ENSURE THAT, IN FUTURE, SHARES IN THE COMPANY ARE CORRECTLY DESCRIBED IN TRANSFER DEEDS AS "SHARES OF TEN (10) SEN EACH FULLY PAID".

If you are in any doubt about the action to be taken you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other professional adviser immediately. If you have sold all your shares, please hand this letter and the accompanying form to the purchaser or to the Stockbroker or Bank through whom the sale was effected for transmission to the purchaser.

Your faithfully,
By Order of the Board
ZULKIFLI TALIB
Secretary

Wisma Bunga Raya
152 Jalan Ampang
Kuala Lumpur 50406
22nd July, 1980

ATTWOOD GARAGES LIMITED

The Annual General Meeting of Attwood Garages Limited was held on July 24th at Wolverhampton, Mr. R. J. D. Attwood (Chairman) presiding.

The directors recommend a final dividend of 0.8375p per share which is the same as last year.

The disposal of the freehold property and leasehold interests in the disposal of the freehold land and buildings, which have been incorporated in the accounts as at 31st January, 1980, shows the balance sheet figures more in line with the company's true worth.

Coming to the current financial year, it is proving to be one of the most difficult we have experienced with high interest rates and extremely competitive trading for the available business. We are taking whatever action is open to us to reduce stock levels and borrowings, but in the present climate it is impossible to forecast the results for the year ending 31st January, 1981.

The report and accounts were adopted.

COMPANY NOTICES

THE SOUTH AFRICAN LAND & EXPLORATION COMPANY LTD.
COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Notice to Holders of Share Warrants to Bearer

Payment of Coupon No. 80

With reference to the notice of declaration of dividend advertised in the press on 18th July, 1980, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 35 cents per share was declared in South African currency. South African non-resident shareholders' tax at 5.25 cents per share will be deducted from the dividend payable to respect of all share warrant coupons leaving a net dividend of 29.75 cents per share. The dividend on bearer shares will be paid on or after 30th September, 1980 against surrender of coupon No. 80 as under:

(a) At the offices of the following continental paying agents:
Crest du Nord, 2 Rue de la Republique,
Paris 75008
Boulevard Hausmann, 2 Rue de la Republique,
Paris 75008

In respect of coupons lodged at the office of the continental paying agent the dividend payable will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the continental paying agent instructions regarding disposal of the proceeds of the dividend so made must be given to such authorised dealer by the continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40 Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in kind or an address in the Republic of South Africa, payment will be made in United Kingdom currency either:

(i) In respect of coupons lodged prior to 22nd August, 1980 at the United Kingdom currency equivalent of the rand currency value of the dividend on 26th August, 1980 or

(ii) In respect of coupons lodged during the period 22nd August, 1980 to 27th August, 1980 both days inclusive at the United Kingdom currency equivalent of the rand currency value of the dividend on 2nd September, 1980 or

(iii) In respect of coupons lodged on or after 28th August, 1980 at the prevailing rate of exchange on the day the dividends are remitted through an authorised dealer in exchange in Johannesburg to the Bearer Reception Office.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10 a.m. and 5 p.m.

United Kingdom income tax will be deducted from payments to any person in the United Kingdom in respect of coupons deposited at the London Bearer Reception Office, unless such coupons are accompanied by inland Revenue non-residence declaration forms. Where such declaration is made, the full amount of the dividend will be the United Kingdom currency equivalent of 24.50 cents per share arrived at as follows:

South African Currency
Per share
Amount of dividend declared 35.00
Less: South African non-resident shareholders' tax at 15% 5.25
29.75
Less: U.K. income tax at 15% on the gross amount of the dividend of 35 cents 4.46
25.29

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
G.A. Wilkinson

NOTE: The Company has been requested by the Commissioners of Inland Revenue to advise:

Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

For the three months, July 15, 1980 to October 14, 1980, the notes will carry an interest rate of 9.25% per annum.

The interest due October 15, 1980 against coupon no. 3 will be \$4324.20 and has been placed on the actual number of days elapsed (92) divided by 360.

The Principal Paying Agent, SOCIETE GENERALE ALSCANNIE DE BANQUE

For the six months, July 15, 1980 to January 14, 1981, the notes will carry an interest rate of 9.25% per annum.

The interest due January 15, 1981 against coupon no. 3 will be \$4349.19 and has been placed on the actual number of days elapsed (184) divided by 360.

The Principal Paying Agent, SOCIETE GENERALE ALSCANNIE DE BANQUE

For the three months, July 15, 1980 to October 14, 1980, the notes will carry an interest rate of 9.25% per annum.

The interest due October 15, 1980 against coupon no. 3 will be \$4324.20 and has been placed on the actual number of days elapsed (92) divided by 360.

The Principal Paying Agent, SOCIETE GENERALE ALSCANNIE DE BANQUE

Notice to Holders of
European Depositary Receipts
(EDRs) in
NIPPON SHINPAN COMPANY, LIMITED

Further to our notice of March 25, 1980, EDR holders are informed that Nippon Shinpan has said a dividend to holders of 144 Shinpan Shares. The final cash dividend payable to Yen 30.00 per share pursuant to Clause 5 of the Depositary Agreement has been converted into the amount of 300 Japanese Yen per share.

EDR holders may now present Coupon No. 3 for payment to the undermentioned agents:

Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid address of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

Arab Republic of Egypt, France, Singapore
Australia, Ireland, Spain
Belgium, Italy, Sweden
Brazil, Malaysia, Switzerland
Canada, The Netherlands, United States of America
Czechoslovakia, New Zealand, Zambia
Denmark, Republic of Korea
Federal Republic of Germany, Finland

Falling receipt of a valid address Japanese withholding tax will be deducted at the rate of 20% on the gross dividend payable. The full rate of 20% will also be applied to any dividends unclaimed after October 31, 1980.

Amounts payable in respect of current dividend:

Coupon No. 3
1DR denomination
1,000 shares
Dividend payable
Japanese Yen
Withholding tax
US\$11.15
US\$11.15

We are also pleased to confirm that copies of the Report of Operations for the year ended March 31, 1980, are available to EDR holders upon application, at the offices of the Depositary and Agent at the addresses shown below.

Citibank, N.A.
336 Strand, London, WC2R 1HS
July 25, 1980

Citibank (Luxembourg) S.A.
16 Avenue Marie Theres
Luxembourg

ANGLO AMERICAN CORPORATION OF
SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

Notice is hereby given that a general meeting of members of Anglo American Corporation of South Africa Limited will be held at 40 Holborn Viaduct, London EC1P 1AJ, on Friday, August 15, 1980 at 11.15 a.m. immediately following the annual general meeting which has been convened for 11.00 a.m. that day, whichever is the later, for the purpose of considering and, if deemed fit, of passing with or without modification, the following ordinary resolution in terms of the Companies Act, 1973, as amended:

That the maximum number of directors in terms of clause 90 of the Corporation's articles of association be and is hereby increased from twenty-five (25) to thirty (30).

The Head Office and United Kingdom ordinary share transfer registers and the ordinary section of the register of members of the Corporation will be closed from August 11, 1980 to August 15, 1980, both days inclusive.

Holders of share warrants to bearer who are attending in person or by proxy or by vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued.

A proxy to attend, qualify and vote at the meeting is entitled to appoint a proxy to attend, qualify and vote in his stead. A proxy need not be a member of the Corporation. Proxy forms must be lodged with the Corporation's transfer secretaries not later than 15.00 on Wednesday, August 14, 1980.

By Order of the Board
Managing Secretary

Registered Office:
44 Mark Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Charter Consolidated Limited
P.O. Box 192
Charter House,
Park Street, Ashford
Kent TN24 8JZ

July 24, 1980.

Transfer Secretaries:
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
P.O. Box 61061
Marshalltown 2107

Charter Consolidated Limited
P.O. Box 192
Charter House,
Park Street, Ashford
Kent TN24 8JZ

July 24, 1980.

SPARBANKER'S BANK

US\$20,000,000 8 1/2% Bond Issue 1976 (79-83) — 459 173—

Notice is hereby given that pursuant to paragraph 4 of the terms and conditions the redemption instalment as per September 1, 1980, will be withdrawn from the sinking fund. Therefore, a drawing by lot of bonds will not be effected this year.

The outstanding amount after redemption as per September 1, 1980, will be US\$12,500,000.

Stockholm, July 1980.

SPARBANKER'S BANK.

SPARBANKER'S BANK.

SPARBANKER'S BANK.

SPARB

Cawoods jumps 42% to top £13m for year

FROM TURNOVER up 31 per cent to £309.62m, profits before tax of £30.62m, Cawoods Holdings rose 42 per cent from £9.5m to £13.6m in the year ended March 31, 1980.

With profits in the first six months showing an increase from £5.5m to £5.4m, the directors said the second half had started well and record results were expected for the year.

Earnings per share at the year-end are up from 11.71p to 21.15p and a final dividend of 2.1p effectively lifts the total from 2.77p to 3.5p.

The group has changed its accounting policy for deferred tax so that provision is made for only that amount of tax which is expected to become payable in the near future. Comparative figures have been adjusted.

The group's interests comprise the distribution, building, supplies, road materials, refractories, shipping services and packaging.

After another excellent performance in 1979-80, Cawoods now faces rather harder going. Inflation will have rather less of an impact on its figures than it did last year, when a 42 per cent rise in historic cost profits before tax was reduced to a gain of under a quarter on a current cost basis.

Against this, the company retains an extremely strong balance sheet: it still has cash in the bank after an investment of some £7m in leasing equipment last year. And although the yield is only 2.4 per cent at 30.6p, the fact is that around half the current market capitalisation is covered by the shareholding in LMSO, which is not yet producing income. And Cawoods has

formidable dividend paying power, with a current cost cover of 2.5 after a full tax charge.

Gas venture by National Carbonising

Shareholders of the National Carbonising Company, which is changing its name to NCC Energy, were told at yesterday's annual meeting of a planned investment of £200,000 in a new company.

Energy Sources (Northern Ireland), which is committed to exploring for gas in an area around Rathfriland, under an exploration licence.

Mr. Graham Ferguson Lacey, chairman, told the meeting that preliminary geophysical surveys had encouraged the company to take 26.7 per cent of the Northern Bank Development Corporation's placing of 7.5m 10p shares.

Mr. Ferguson Lacey added that preliminary negotiations were taking place on obtaining control of an operating energy company, which would be self-financing.

The board is also involved in negotiations in Australia and Hong Kong which may lead to the acquisition of effective control of a quoted company in both countries.

Sceptre completes shares sale

Sceptre Resources, independent Canadian oil exploration company, has completed the £300m sale of 1.2m 7 per cent Series 'A' convertible preferred shares, the net proceeds after underwriting commissions and expenses amounting to £28.72m. Some £1.75m will be applied

to the partial redemption of preferred shares issued by subsidiaries, and the balance will be added to the company's working capital to be used for anticipated capital expenditures.

The directors forecast these to be \$21m for the nine months to December 31, 1980, and \$22m during the 1981 calendar year, compared with \$9.7m during the March 81, 1980, year.

Sceptre has a 48.4 per cent interest in Candecra Resources.

S. Gibbons Board further strengthened

Mr. Howard Fraser, who became deputy chairman of Letraset following the resignation in February of Mr. Jerry Waters, is now himself "relinquishing" the position.

An announcement by the company yesterday said that he intends to devote himself more to his executive responsibilities as chairman of Stanley Gibbons International, the specialist stamp group taken over by Letraset some 18 months ago.

The move represents further strengthening of the Gibbons board. In March, Mr. Dennis McDonald became a director and replaced Mr. Waters as chief operating officer and also went on the parent board.

Mr. Fraser will remain on the main board of Letraset but his position as deputy chairman will now be filled by Mr. Robert Calman, the American director.

Letraset's preliminary figures for the year to April normally appear at the end of July. Pre-tax profits for the six months to October increased from £5.2m to £6.3m. Gibbons contributed £1.4m at the operating profit level.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are expected or final and the sub-headings shown below are based mainly on last year's timetable.

TODAY	
Internat. A.C. Cars, Concord Roulleur	Aug. 6
Howard Machinery, Midland Bank	Aug. 6
Procter & Gamble, Anglo-Siam	Aug. 6
Finale: John Brown, Burt Boulton, Elmer, Graham House Estate, Harold Ingram, A. Monk, R.D. William, Somerville, Stirling, Topping, F. H. Tomkins	Aug. 6
FUTURE DATES	
Aspen Bros.	Aug. 9
Quartermaster	Aug. 9
River Plate and General Invest.	Aug. 9
ment Trust	Aug. 9
Smallshaw (R.) (Keweenaw)	Aug. 9
Transport Development	Aug. 11
FINALS	
Aug. 4	
Bathoven Brewery	July 29
Blackman and Conrad	July 30
Gray Electric	Aug. 1
Graham Investment Trust	July 28
Jackie's Bourne End	Aug. 4
Longland Industries	Aug. 7
Roskill	Aug. 12
Smith (David S.)	Aug. 7
Wyatt (Woodrow)	July 28

Hunt Chemical income falls at six months

Pre-tax income of Philip A. Hunt Chemical Corporation, 83.5 per cent owned subsidiary of Turner and Newall, was down from U.S.\$3.77m to \$3.2m for the second quarter of 1980 to leave the figure for the first half of the year behind at \$6.07m, compared with \$7.23m.

Sales totalled \$55.09m (\$52.33m) for the six months and after tax of \$2.54m (\$3.36m) earnings per share are shown as 62 cents against 68 cents.

Operating profit for the second quarter of \$2.72m against \$3.68m, was adversely affected by high manufacturing costs resulting from start-up of new processes at Berea, Ohio, and St. Nikolaas, Belgium along with the continuing increase in general operating expenses.

The directors state—operating income for the half year was \$5.33m (\$7.35m).

Bullough down £0.36m and lower second half seen

AS FOREWARNED in January, first-half 1979-80 profits of Bullough, the engineering group, came out lower than in the same period of the previous year.

Profits, before tax, fell from £2.78m to £2.42m for the six months to April 30 and it is anticipated that the second-half figure will be down on that now reported. A record £5.4m was achieved in the last full year.

Since April, most group companies have been experiencing the further general decline in demand for manufactured goods and the severity of the recession has been greater than expected, the directors explain.

In the first half most group companies achieved satisfactory results, but two exceptions which reduced profits by nearly £278,000 were Midland Electro Plating and Druce Group.

Midland Electro has been sold since April 30 due to falling demand and its previous profit performance. Druce is, for the

time being, concentrating on its prestige furnishing operation and has closed down its activities in the manufacture and sale of KD contract furniture, which had become extremely depressed and unprofitable.

These actions will remove two major drains on profitability, the directors state.

Bredon Hydraulics, a small subsidiary, was sold in April to the JCB Group since it was recognised that progress to sustained profitability would be more quickly achieved within an organisation with international outlets to the construction industry.

The interim dividend is being maintained at 4.2p net per 20p share—last year's final was 6.55p.

Turnover for the six months improved from £23.77m to £25.28m. Tax charge was £0.9m (£1.09m) and after an extraordinary debit of £42,000 last dividend being paid from revenue of £280,000.

emerged at £1.32m, compared with £1.65m. Dividends again absorb £287,000.

St. Andrew revenue rise at halfway

After tax of £225,395, against £162,213, net revenue of St. Andrew's Trust, investment concern, came out ahead from £322,744 to £408,675 for the half year ended June 30, 1980.

Earnings per 25p share are shown as 3.46p, compared with 2.71p, and the net interim dividend is increased to 2.5p (2.35p). The Board intends to recommend a final of not less than 3.5p (3.35p)—last year there was also a 1p non-recurring payment, the total dividend being paid from revenue of £280,000.

Downturn at Stroud Riley Drummond

AFTER seeing pre-tax profits down at halfway from £222,000 to £115,000, Stroud Riley Drummond, spinner and textile manufacturer, fell into a loss of £62,000 for the year to March 31, 1980. After an unchanged interim of 0.8p, the final dividend is omitted. Last year a net total of 1.5p was paid on profits of £240,000.

Turnover for the year was down to £7.1m (£7.3m). Depreciation accounted for £175,000 (£155,000). There was a tax charge of £132,000 (£180,000).

CHARTERHALL

In response to the rights issue of 6,968,336 shares by Charterhall, 100,000 shares were received in the UK and Australia for 6,253,137 shares (59.5 per cent). The balance of 733,199 new shares have been placed by the company's brokers, Carr Seabag and Co.

REPORTS TO MEETINGS

Sluggish demand in UK for Metal Box

MR. D. J. ALLPORT, chairman and chief executive of Metal Box told yesterday's AGM that at home the year had begun disappointingly.

There were a number of obvious reasons. The aftermath of the steel strike badly affected the figures for April and part of May. Subsequently, the extremely poor summer weather had depressed the sales of beer and soft drinks. Destocking which was taking place throughout the economy was also playing its part, and had particularly affected the group's central heating business.

All in all the picture was one of sluggish demand and the immediate outlook in the UK was uncertain.

Overseas sales and profit in date were ahead of last year and were in line with forecast. At this juncture he could see no reason to suppose that forecasts for overseas operations would not be met.

At other AGMs, chairman reported as follows:

Prospects in the current year were "more satisfactory than last year," according to Mr. Roland Shaw, chairman of Premier Consolidated Oilfields, the oil exploration company.

Mr. Shaw added that given last year's after tax loss of £175,000, an improvement for Premier "doesn't mean that much." But finance director Rupert Lascelles indicated he thought Premier would make a small after-tax profit this year.

The chairman said a second well would be spudded in August in the Monument Creek area in Utah. Commenting on Premier's participation in Seventh Round bidding consortia, he stated the total cost of drilling a well in the North Sea amounted to \$7m, of which Premier would pay a fraction.

He also told holders not to focus on any single drilling project. "One of the big mistakes being made in the City of

London," he said, "is the placing of a value on oil companies on the basis of just one well, be it good or bad."

At Beechwood Construction, Mr. John Downing said that, despite difficulties, group prospects for the eighties were encouraging.

He warned that the group would face difficult trading conditions in the next few months. Civil engineering order books were "fairly full until the autumn but these companies would have increasing difficulties obtaining the right kind of work at economic prices."

The well drilling companies had satisfactory order books but here also margins remained under pressure. Profit expectations from the mechanical engineering companies had been modified as a result of fewer orders.

The chairman of Readicut International, Mr. Paul Croset, reported that during the first

quarter to June 30 the fall in orders and deliveries had quickened. Due to the increase in all costs and the strength of sterling, the competitiveness of group products overseas had continued to fall, making profitable exports very difficult, particularly for subsidiaries supplying nonwovens, fibres and furnishing fabrics.

Rationalisation was under way throughout the group. At some locations this had entailed a reduction in work forces and by the end of September this was likely to have involved some 730 people.

Mr. Croset said he would be surprised if there was much return in demand before the autumn of 1981.

Gas appliance sales were showing some signs of revival, reported Mr. Michael Montague of Valco, one of the leading manufacturers. Contracting in demand appeared to have bottomed out, he added.

Because of the sales pick up Valco employees at Birmingham would return from a three-day to a five-day week after the summer holidays. And at Liverpool the workforce there would increase its working week from three to four days.

In a statement on long-term policy Mr. Montague said Valco had decided it wise to commit a modest proportion of cash flow to energy exploration and immediate revenue earning oil investment.

We are pursuing several possibilities in the U.S. and UK, where we have joined experienced consortia who are applying for Seventh Round licences," he stated.

Mr. T. F. Honess, chairman of Butterfield Harvey, expected current year results to exceed those of last year.

First quarter sales were marginally up on last year which implied a reduction in real terms. In the second quarter, however, turnover should exceed the corresponding period, which was affected by the national engineering dispute.

Members of Braby Leslie were told by Mr. John S. C. Chandler that the year would be a difficult one for the industry. However, the wide spread of group activities ensured it would be among the early beneficiaries when an economic upturn occurs.

Meanwhile, the group enjoyed a financial position which would enable it to ride out present pressures.

Mr. M. G. Falcon, chairman of Pauls and Whites said trading conditions in the first quarter of the current year had been even more difficult than 12 months ago. Nevertheless, investments in new plants and modernisation enabled the group to continue to improve its service to customers at highly competitive prices and to further develop its business in the animal feed and mulling sectors.

Compared with earlier occasions, Furness, which is a public company—was very poorly attended. No questions were asked, the three new directors, Mr. C. H. Tunz, Mr. C. Tunz and Mr. Morley L. Cho, were all unanimously re-elected, and Mr. Brian Shaw, the chairman, ended the proceedings by proposing a vote of thanks to the shareholders. "This company has been very well served by its shareholders," said Mr. Shaw.

He said that a notice compulsorily acquiring the few remaining shares would be sent out early next month and by September Furness, which should be completely owned by the Hong Kong based, C. Y. Tung group.

Y J LOVELL (HOLDINGS) LTD

INTERIM STATEMENT FOR HALF-YEAR TO 31 MARCH 1980

The results of the Lovell Group for the half-year to 31 March 1980:

	6 months to 31.3.80	6 months to 31.3.79	12 mths. to 30.9.79
	£000	£000	£000
Turnover	59,425	764	44,019
Trading Profit	7,107	175	5,755
Profit	66,532	49,774	112,662
Less inter-company sales	3,830	2,538	7,654
	62,702	47,236	105,008
Group profit before taxation	939	815	2,615

The Directors are pleased to report that the Group shows an improvement of 15% in profit before tax over the first half of last year despite the adverse economic climate. Whilst trading in the second half has been satisfactory to date, continuing high interest rates and extremely competitive conditions cause the Directors to view the short term prospects with some caution.

An interim dividend of 2p per share (1979 1.5p) payable on 1 October 1980 to Ordinary Shareholders on the Register on 15 August 1980 in respect of the year to 30 September 1980 is proposed.

24 JULY 1980

Lovell

PLYSU LIMITED

Years ending 31 March	1980	1979
Turnover	£17,823,000	£13,252,000
Profit before tax	£2,332,000	£1,226,000
Earnings per share	14.5p	10.5p
Dividends per share	1.8931p	1.8931p

(Dividend for 1980 paid on capital as doubled by the scrip issue in 1979.)

For a copy of the Report and Accounts post the coupon below.

To: The Secretary Pylsu Limited, 120 Station Road, Woburn Sands, Milton Keynes, Buckinghamshire MK17 8SE.

Please send me a copy of the 1980 Report and Accounts.

Name _____

Company _____

Address _____

FT257

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

US \$ 200,000,000

9 3/4% NOTES OF 1980, DUE JUNE 15, 1985

BANQUE DE PARIS ET DES PAYS-BAS
CAISSE DES DEPOTS ET CONSIGNATIONS
COUNTY BANK LIMITED
DAIWA EUROPE N.V.
KUWAIT INVESTMENT COMPANY (S.A.K.)
MORGAN STANLEY INTERNATIONAL
SALOMON BROTHERS INTERNATIONAL
SWISS BANK CORPORATION (OVERSEAS) LIMITED
UNION BANK OF SWITZERLAND (SECURITIES) LIMITED
S.G. WARBURG & CO. LTD.

HOW WE TAKE THE AGGRAVATION OUT OF EXPORT ORDERS UP TO £15,000.

We are the only bank that offers you 90% finance on small export orders.

With fixed interest costs.

Without recourse to you.

**Without affecting your
existing facilities.**

**Without your holding an
ECGD guarantee.**

This unique scheme from Midland Bank International which helps your business and helps Britain is now even more attractive.

And it could not have come at a better time. There is money to be made right now in small export orders.

We want to help you export without aggravation, with reduced risk and with all the advantages of increasing your sales activities beyond a perhaps static home market.

Exactly how we help you

Apart from completing a brief agreement document at the outset all you have to do to obtain finance is to deliver to a Midland Bank Branch* a simple lodgement form accompanied by either:

1. A bill of exchange (or promissory note issued by your buyer) and shipping documents;
2. Or, because the scheme has been extended to cover business transacted on an open account basis, your invoice showing the terms of credit given to the buyer and evidence of export.

For our part, we take out ordinary credit insurance cover directly with ECGD against the usual risks for 90 to 95% of the amount of the finance, so that the finance provided is without recourse to you so long as you fulfil your export undertakings. Therefore, the Bank

*Also available from Clydesdale Bank Branches.

carries the 5 to 10% uncovered portion at its own risk.

Thus you can obtain finance without being involved in the paperwork of credit insurance, and additionally without affecting any existing banking limits or facilities you have arranged.

How you help yourself and help Britain.

There are many small companies which can increase their profits from exporting. This new improved scheme from the Midland can be just the tonic you need to boost your profits.

Thus you could increase your profits over your competitors and have the satisfaction of helping Britain's balance of payments as well.

How to apply.

Since the scheme has been especially designed to help companies with small export orders, there is no minimum transaction to qualify. Your annual export turnover should generally be about £250,000 or less, and each transaction can be as much as £15,000.

If you do not already have a banking account with the Midland, you may apply for a facility and open an account with us. What criterion do we use for co-operating with you? A simple one - do we believe you can perform your export engagements.

There is profit to be made in small exports, so send in the coupon now or contact your nearest Midland or Clydesdale Bank Branch.

For your copy of our Smaller Exports Scheme booklet, contact:
Don Clark, Manager, Smaller Exports Scheme, Export Finance, Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN.
Tel: 01-606 9944. Ext. 4132 or send this coupon to him.

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We deliver.



Test us.

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This announcement appears as a matter of record only.

July 1980



Banco de Chile

U.S. \$60,000,000 Term Financing

U.S. \$40,000,000
Term Loan

Managed by:

BankAmerica International Group

Banamex/Intermex

Canadian Imperial Bank of Commerce

Banco de la Nación Argentina

National Bank of North America

Co-Managed by:

Lincoln First Bank, N.A.

Provided by:

Banca Commerciale Italiana

- New York Branch -

Banco de la Nación Argentina

Banco Nacional de Mexico, S.A.

- BANAMEX -

Bank of America NT & SA

Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (International) S.A.

European Brazilian Bank Limited - EUROBRAS

Württembergische Kommunale Landesbank Girozentrale

(Landesbank Stuttgart - London Branch)

Intermex International Bank Limited

- INTERMEX GROUP -

International Westminster Bank Limited

Lincoln First Bank, N.A.

National Bank of North America

Texas Commerce Bank, N.A.

- London Branch -

UBAF ARAB AMERICAN BANK

Union Chelsea National Bank

Agent:

BANK OF AMERICA

U.S. \$20,000,000
Negotiable Floating Rate

Certificates of Deposit due 1983

Managed by:

Bank of America International Limited

Banco de la Nación Argentina

Dai-ichi Kangyo International Limited

Banco Real S.A.

Libra Bank Limited

MTBC & Schroder Bank s.a.

Agent:

BANK OF AMERICA
INTERNATIONAL LIMITED

This announcement appears as a matter of record only.

July 1980

Leucadia National Corporation

has sold its subsidiary

James Talcott Factors, Inc.

to

Lloyds and Scottish Limited

We initiated this transaction and acted as advisers to
Leucadia National Corporation



Hambros Bank Limited

Bank of Tokyo (Curaçao) Holding NV.

US\$50,000,000

Guaranteed Floating Rate Notes due 1989



Payment of the principal of, and interest on, the Notes
is unconditionally and irrevocably guaranteed by

The Bank of Tokyo, Ltd.
(Kabushiki Kaisha Tokyo-Mitsubishi)

In accordance with the provisions of the Agency Agreement
between Bank of Tokyo (Curaçao) Holding NV, The Bank of
Tokyo, Ltd., and Citibank, N.A., dated October 23, 1979, notice
is hereby given that the Rate of Interest has been fixed at 9 1/2
p.a. and that the interest payable on the relevant Interest Payment
Date, October 27, 1980, against Coupon No. 4 will be U.S.\$120.76
and has been computed on the actual number of days elapsed (94)
divided by 360.

July 25, 1980

By: Citibank, N.A., London, Agent Bank

CITIBANK



THE KYOWA BANK, LIMITED

Negotiable Floating Rate U.S. Dollar

Certificates of Deposit

Maturity date 26th July 1982

In accordance with the provisions of the Certificates
of Deposit notice is hereby given that for the six-
month interest period from 25th July 1980 to 26th
January 1981 the Certificates will carry an Interest
Rate of 9 1/2% per annum.

Agent Bank

Hill Samuel & Co. Limited,
LondonCompanies
and Markets

INTL. COMPANIES & FINANCE

ITALIAN WHITE GOODS INDUSTRY

Pressure mounts for Indesit rescue

BY RUPERT CORNWELL

THE ITALIAN Government is under mounting pressure to rescue Indesit, the financially troubled electrical appliances group which is the second largest company in Italy's white goods sector after Zanussi.

Indesit's troubles, simmering for many months, have come dramatically to a head. Urgent talks are under way between the company and the Industry Ministry in Rome following the refusal of creditor banks to put up L54bn (\$64m) of short term credits to clear the way for a financial reorganisation.

As a result about 8,000-9,000 of the company's 12,000 workers are threatened with being laid off. Moreover, if an immediate injection of funds cannot be secured, a total shutdown is risked.

Indesit has 17 factories in Italy, grouped essentially around Turin in the north and Caserta near Naples. Closure would exacerbate the extensive unemployment in southern Italy. But there are other factors which make a swift solution of the Indesit crisis essential. Many industrialists are deeply

anxious at the repercussions for the image of Italian industry were a company—whose brand-name on fridges, washing machines and other appliances is almost a household word in many countries—allowed to fold abruptly.

The group's difficulties are causing considerable anxiety also for its subcontractors. In large part concentrated around Turin, they are already having to cope with a drop in business from the serious slowdown in the car sector.

Yesterday representatives of Confindustria, the small industry confederation, met Sig. Francesco Cossiga, the Prime Minister, and other members of the Government to demand a speedy and lasting settlement of the Indesit crisis.

In a statement afterwards Confindustria declared that 15,000 jobs around Turin and Milan were endangered. Indesit, it said, was effectively unable to meet financial obligations of L140bn towards its subcontractors.

Indesit was one of the leaders of the boom in the

1960s and early 1970s of Italy's domestic appliance industry. According to industry officials, however, its error was to concentrate on cheap down-market products, which in turn have come under mounting threat from even cheaper products originating in Eastern Europe and Yugoslavia.

These difficulties have been amplified by the general overcapacity existing in Europe, falling demand, and the specific problem of the slump in house building in Italy.

Founded in 1956, Indesit reported sales in 1979 of L263bn. Its headquarters are just outside Turin but its precise structure has never been entirely clear. The company has a Swiss and an Italian arm and is still 60 per cent owned by its founder, Sig. Armando Campione.

The shape of any rescue operation remains to be seen. Indesit's own restructuring plan, which includes manufacturing in the U.S. for the first time, a general shift up-market and diversification into other products, is said to call for

total aid of L231bn. About L100bn would come from a state fund for scientific research, and L50bn from existing Government schemes to help industrial adjustment while L81bn would be provided as short-term liquidity.

In recent days it is understood that Zanussi, Europe's largest manufacturer of white goods, has turned down requests to take over Indesit. Zanussi, indeed, is facing difficulties of its own. The 10-15 per cent decline in demand in the first half of 1980 means that the Pordenone-based group is having to lay off 1,200 workers. Meanwhile its Ducati Electronics subsidiary in Bologna, which lost L146bn in 1979, is still in deficit.

At the same time a sector heavily dependent on exports is suffering from the falling competitiveness and high labour costs which plague Italian industry. Productivity at home has grown more slowly than most other countries, but the exchange rate has remained comparatively steady within the European Monetary System.

Swiss groups buy U.S. insurer

BY JOHN WICKS IN ZURICH

TWO MAJOR Swiss insurance groups are to pay \$135m for Fidelity and Deposit Company of Maryland, a subsidiary of American General Insurance.

The two Swiss companies, Swiss Reinsurance and Zurich Insurance, will take equal shares in Fidelity under a preliminary agreement reached with American General, which is one of the largest financial services groups in the U.S.

Fidelity is one of America's leading surety and fidelity insurers. On gross premium income of about \$107m it earned \$10.5m last year and had assets of \$230.4m at year end. It will continue to operate from its Baltimore base under its present name and manage-

ment and act as an "independent unit" within the foreign organisations of the two potential buyers.

The Fidelity and Deposit transaction is subject to completion of a definitive purchase agreement and to regulatory approval. However, the deal is expected to be completed before the end of the year.

Both Swiss companies already have a considerable stake in the American insurance market. Last March, Zurich Insurance added to its U.S. network by forming Zurich Reinsurance of New York to operate in co-operation with Tryggv Hansa, the Swedish insurer.

Second only to Lloyd's as a force in international insurance markets, Swiss Re had a

gross premium income in excess of SwFr 3bn last year. The group is heavily dependent on trade with Europe but something like a quarter of its earnings arise in North America.

Gross premium income at Zurich Insurance rose by 8.8 per cent to SwFr 2.8bn in 1979 and the group's North American content was broadly similar to that of Swiss Re. Earlier this year the company raised the equivalent of \$81.5m through a rights issue.

In terms of profits performance last year, Zurich Insurance was able to comfortably outstrip its rival, lifting net earnings by 13 per cent to SwFr 62.8m. At Swiss Re earnings emerged from 1979 around 7 per cent ahead at SwFr 118m.

Margins fall at Dresdner Bank

BY KEVIN DONE IN FRANKFURT

THE SQUEEZE on the profitability of the West German banks has shown little sign of easing in the first six months of 1980. Dresdner Bank, the second largest bank in the Federal Republic, said yesterday that its margins had worsened.

Last year Dresdner's performance was supported by its heavy involvement in the gold market, but so far this year there has been little help from this activity.

At the same time the interest surplus in the first six months declined by 7.3 per cent, a fall of DM 58.1m (\$33m) and this could not be offset by a gain in the surplus on commission earnings of 12.2 per cent or DM 23.7m.

Dresdner, which recently opened a DM 300m, 32-storey headquarters office block in the centre of Frankfurt, is also facing steadily rising labour costs. The bank's bill for wages, salaries and social costs rose by a further 5.8 per cent, or DM 32.8m, in the first six months to DM 597.5m.

Some relief for bank profitability could be in sight later this year if, as expected, the Bundesbank moves to reduce its key interest rates, which are currently at a post-war record level. For much of this year, however, Dresdner's interest surplus has been held down at last year's low level, although there has been a small improvement in recent weeks, it said yesterday.

The bank has made greater efforts this year, however, to

shape its business to the prevailing credit conditions, with the result that the volume of the group has hardly shown any expansion at all from last year's level of DM 153bn.

The balance sheet total of the parent bank showed a significant fall of 6 per cent to DM 73bn. Dresdner's advances to other banks rose by DM 700m to DM 17bn, while its borrowings dropped by DM 800m to DM 22.2bn.

Dresdner said that despite uncertain conditions on the stock markets, its securities business had improved markedly over last year and there had been a further expansion of its international business in line with the growth of German trade.

Reduced profits from West LB

DUSSELDORF — Business volume of Westdeutsche Landesbank (West-LB) rose by 2 per cent to DM133bn (\$76bn) in the first half of 1980 compared to the end of 1979 and was 8 per cent ahead of the year-ago level. At the same time assets increased by a respective 0.4 per cent and 9 per cent to DM94.9bn.

But despite the increasing volume and assets, West-LB said its earnings declined in the half-year, due to the central bank's tight credit policy "which led to high interest rates and reduced the interest spread — or the difference between interest rates paid on deposits and received for credits."

West-LB did not release full earnings figures in its interim

report. But extracts from the profit and loss account show that earnings from interest and commissions rose by 14.2 per cent to a gross DM3.64bn from DM3.186bn, while interest and commission costs climbed by 18.4 per cent to DM3.144bn from DM2.655bn, producing a surplus of DM498m, down by 6.6 per cent from a year ago.

Taking account of a 3.1 per cent rise in personnel and material costs to DM369m, the partial profit and loss account showed first-half earnings of DM127m, which is a full 26.6 per cent lower than a year ago.

West-LB, which acts as clearing house for the savings banks organisation in the West German state of North Rhine-

Westphalia and is active in almost all sectors of commercial banking, said that declining interest rates are "improving" expectations for the full year. But it could not make specific profit forecasts.

Order inflow to the West German textile industry rose by 5.8 per cent in May from April but was off 10.7 per cent from May 1979, the Textile Industry Association reports. However, the May 1979 order inflow was unusually inflated, the Association points out.

In the first five months of 1980, textile order inflow rose by 3.6 per cent, while production was up 5.5 per cent. AP-DJ

Sea Malta to share routes

By Godfrey Grima in Valetta

SEA MALTA is to share equally freight routes between Malta and Belgium, West Germany, Holland, Italy and the UK with a number of foreign shipping lines.

The agreement between the national carrier and foreign lines was announced in parliament by Mr. Wistin Abela, the Development Minister.

Bank Leumi fund raising

BY L. DANIEL IN TEL AVIV

BANK LEUMI has announced plans to raise \$1.5bn around \$30m by way of a public offering, consisting of subordinated capital notes, Series Nine registered, due 1986-93.

Both the principal and interest—the rate is still to be announced—are to be linked 70 per cent to the cost of living index. Holders of the capital notes will have the option from

1986 to redeem them by acquiring the right to purchase ordinary shares in the bank on terms to be fixed then.

Bank Leumi recently completed a \$1.9bn financing issue and is in the process of raising \$80m on the Eurobond market. After the issue of the capital notes and the placing of the Eurobond issue, the Bank Leumi group will have raised \$2.8bn in 1980.

Rapid first half earnings gains by AECL

BY JIM JONES IN JOHANNESBURG

AECL South Africa's largest chemicals group, reports a 69.2 per cent pre-tax profit advance for the six months ended June 30 to R55.3m (\$11.2m) from R50.4m, and expects second-half profits to be significantly higher than those reported in 1979. Profit for all 1979 came to R125.4m.

First-half turnover was 39.8 per cent ahead at R551.2m (\$723m) against R394.3m for the 1979 first half and R386m for the full-year.

aging director said the results reflect the culmination of the company's heavy capital spending programme of the past few years. The 60 per cent-owned Complex plant, which produces PVC from a coal base, made its first contribution to profits, while a R7.8m dividend from the 49 per cent-owned Triumf Fertilizer was another major contributor.

Profit and turnover advances were broadly based, however, with particularly good growth rates for agricultural nitrogen, industrial chemicals, paints,

plastic pipes, and vinyl products. The board is pleased with the results and is confident of the future, but said that the improvement has done little more than raise the return on assets to an acceptable level.

The company expects operations to become increasingly coal-based. Chemical technologies based on coal have become increasingly competitive with escalating oil prices, while coal provides a more secure feedstock than imported oil. AECL is not rushing into methanol-

based liquid fuels development, but it is negotiating a technical information swap agreement on coal liquefaction with an American chemicals group. An interim dividend of 38 cents, against 12 cents, has been declared from first half earnings, per share, of 36.2 cents, compared with 20.1 cents in 1979, a total of 30 cents was paid from earnings per share of 51.5 cents.

AECL is controlled by Anglo-American Corporation and 46.2 per cent, with 49 per cent of the equity.

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C. Itoh
returns
to strong
growth

By Yoko Shibata in Tokyo

C. ITOH AND CO., Japan's third largest trading company, and its 101 consolidated subsidiaries returned to strong earnings growth in the fiscal year ended March 1980. C. Itoh's consolidated operating profits rose by 84.6 per cent to ¥38,658m (\$373m), from the 1978-79 level net of ¥21,483m (\$207m). It shows a move into the black from the previous year's net deficit of ¥1,790m. Sales increased 33 per cent to ¥918,491m (\$8,418m). Profits per share were ¥42.00, compared with a deficit of ¥2.40.

The sales increase resulted partly from a gain in the physical volume of goods traded, especially non-ferrous metals, foodstuffs, and other primary products. Almost half the turn-over rise, however, came from the higher value of oil imports. Imports increased sharply, to account for 20.2 per cent of the total turnover. Exports gained 22.5 per cent, to account for 18.3 per cent of the total. Offshore trade also showed a significant gain, up 32.5 per cent to account for 14.2 per cent of the total. Domestic turnover, accounting for 47.3 per cent of the total, advanced by 22.4 per cent. Turnover in the fuels and chemical sector increased by 40 per cent. Timber and paper turnover was up 48.3 per cent.

During the past year, the company ceased to be affected by the losses incurred on the disposition of its interest in the Oil and Gas Development Company.

In the current fiscal year, ending March 1981, the company foresees such restraining factors as a slowdown in car sales caused by the U.S. recession, and the appreciation of the yen. As a result, it expects a setback in consolidated net earnings of 70 per cent, to ¥100m, on consolidated sales of ¥1,100m, up 20 per cent.

RECORD COMPANY PROFITS IN JAPAN

Facing oil crisis in leaner shape

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPANESE COMPANY profits are a thermometer of the country's economic health. They fell by more than 40 per cent between September 1970 and March 1972 (the period which included the Nixon "shock" and the floating of the yen); by 90 per cent between March 1974 and September 1975 (after the first oil crisis); and by 22 per cent between September 1977 and September 1978 (when the yen was climbing to its highest post-war level against the dollar).

Of course profits rose in the periods between, but March 1974 until recently stood out as a rather lonely peak in the corporate earnings "landscape". It was not topped until last September when profits of the country's 389 leading publicly owned companies edged up to a new "high" some 7 per cent above the early one.

In the following six month business term, to March 1980, the overall profit performance of Japanese companies showed little change, but those of companies in the manufacturing sector alone continued to improve rapidly to a level 24 per cent higher than the 1974 peak. The industry which dragged down the overall rating was electric power generation—in deep trouble until April because of the gap between its rapidly rising fuel costs and an unchanged electricity tariff.

The ability of Japanese industry to chalk up record profits one year after the eruption of the second oil crisis requires some explanation, especially in view of what happened after the first oil crisis. The explanation offered by most corporate analysts in Japan is that it was precisely because industry suffered so badly after the first oil crisis that it was able to cope

successfully with the next.

Japanese industry spent the years from 1974 to 1978 improving its financial structure (that is, improving the debt-equity ratio), painfully rationalising its use of labour and energy and, of course, developing new products that required a smaller input of imported energy to produce a given amount of value. The result was that the capacity utilisation rate at which major Japanese companies could break even was much lower on the eve of the second oil crisis than at start of its predecessor.

The second oil crisis, however, did not initially lead to any appreciable fall in the rate of operation of industry, because the Government resisted the temptation to throttle back drastically on economic growth as it had done in 1973. What happened instead was that prices, particularly of oil related products rose rapidly inside Japan while the yen weakened sharply against the dollar on the Tokyo foreign exchange market—by more than 30 per cent between late 1978 and the spring of 1980.

Higher prices for oil and other imported raw materials increased the costs of Japanese manufacturers from early 1979 onwards but the increase was offset by higher selling prices and by increased domestic demand for finished products. Meanwhile, the "cheap" yen turned out to be a bonus for exporters and for companies with overseas manufacturing interests.

Japanese industry involves its exports in foreign currencies (usually dollars) and converts the proceeds into yen, with the result that the short-term effect of yen depreciation is to increase yen-denominated export revenue. The yen fell 10 per cent against the dollar

in the six-month business term ending last March so that any company exporting 50 per cent of its output in this period stood to gain a 5 per cent profit windfall from a given volume of exports.

Only a minority of major Japanese companies are dependent on exports for more than

The happy combination of factors which pushed profits up to peak levels in the spring of 1980 will not apply in September when the next batch of results is due. The yen has recovered steeply from its low point of just over ¥260 to the dollar in early April to around ¥224, so that foreign exchange

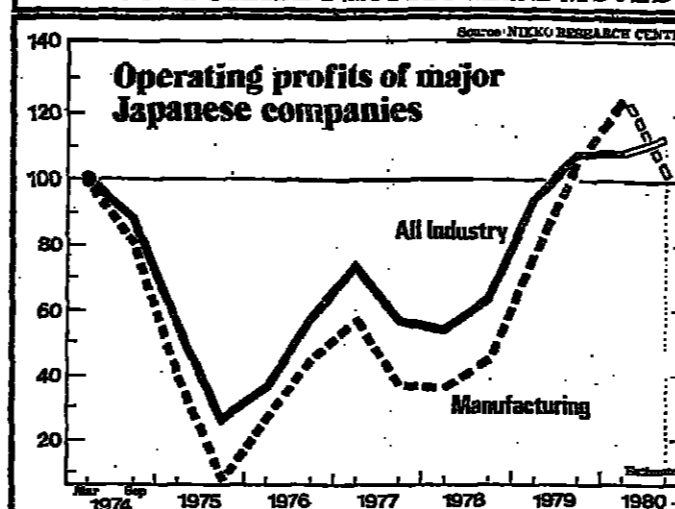
electric power generators, while Okasan Securities believes profits in the manufacturing sector will be only 6.5 per cent lower. What is agreed, however, is that profits will not fall in delayed reaction to the 1979 oil crisis by anything like the amount they fell after March, 1974.

A much smaller downturn in economic activity is one reason for this confidence. The second reason includes the leanness of most Japanese companies today, not only as a result of rationalisation but also in terms of inventories. Japanese manufacturing companies had inventories equivalent to 2.45 months of sales at the start of the 1974-75 recession. In March, 1980, the figure was two months, with a corresponding reduction in the cost of inventory finance.

What happens in the next business term, to March 1981, is a question on which Japanese analysts are still in the process of making up their minds. Two months ago it was expected that the domestic economy would touch the bottom of a mild recession in the third or fourth quarter of 1980 and that demand would pick up after that (in response to a relaxation of domestic credit restraints) in time to produce a recovery of corporate profits well before next spring.

Today it looks as if the slow-down is going to come later and be more acute than was originally expected. There could, accordingly, be some overall decline in corporate profits at the end of the March, 1981 business term, but the margin of any such decline seems unlikely to be more than 10 per cent. If this is the worst that Japanese industry has to pay for passing through the second oil crisis it will have very little cause for complaint.

HOW CORPORATE PROFITS HAVE MOVED



half their total sales, but the list includes a number of famous names in which overseas investors are interested. Four large companies with particularly heavy exports (and particularly good results in the 1980 spring business term) are: Yamaha Motor (export dependence 62.5 per cent); Canon (72.2 per cent); Sony (61.3 per cent, including products manufactured overseas); and Honda (69.5 per cent). Needless to say, these companies and others like them achieved big increases in the volume as well as in the profitability of their exports.

Windfalls will be less in evidence. At the same time the first signs of a downturn are appearing in Japan's domestic economy. The result will be to reduce the profits of manufacturing industry below the March peak, although the counter-cyclical electric power industry should perform better (because of a sharp increase in electricity rates in April).

Japanese analysts differ about the likely amount of the decline in manufacturing industry profits. The Nikko Research Centre sees an 18.2 per cent fall in operating profits for major companies other than

COMPANY NOTICES

HOPE STREET FUND S.A.

14, rue d'Alsace, LUXEMBOURG

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of 14th July 1980 has approved the payment of a dividend of 100 Francs per share. The dividend will be paid on 15th August 1980 to shareholders registered in the books of the Company as of 1st July 1980, and to holders for the time being of Stock Warrants to Buy as indicated below.

Holders of Stock Warrants to Buy should arrange for Coupons No. 66 therefrom to be lodged at the office of the Company's Paying Agents:

Langewiesche Holdings Limited, 6 Lane Street, London WC1N 2ES

or to deposit such Coupons in BRUSSELS at:

Société Générale de Banque, 3 Montebello du Parc, Banque Bruxelles Lambert, 24 Avenue Marx, or in PARIS at:

Crédit du Nord et Union Paribas, 6 & 8 Boulevard Haussmann, Messrs Lazard Frères & Co, 5 rue de la Harpe, or in SWITZERLAND at:

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Banque Internationale à Luxembourg, 2 Boulevard Royal, for payment in Brussels, Paris, Switzerland or Luxembourg will require to be accompanied by documents to the effect that they have neither been received from, nor are the property of, residents in the United Kingdom.

United Kingdom Income Tax at the rate of 30% will be deducted.

(a) Where holders' registered addresses are situated in Great Britain or Northern Ireland, the Principal Paying Agent, have appointed Agents in Great Britain or Northern Ireland for the receipt of Dividends for their accounts.

(b) From payments made in respect of coupons presented in London, unless such coupons are accompanied by a valid Certificate of Residence, the Principal Paying Agent, will deduct the appropriate amount of tax.

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By Order of the Board, SECRETARIES, SAHAMA INTERNATIONAL TRUST COMPANY LTD., 25 Abchurch Lane, London EC4N 3DF.

Dated the 25th day of July 1980.

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Crédit du Nord et Union Paribas, 6 &

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economic Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 23, 1982. The exchange rates listed are middle rates between buying and selling rates. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assumes responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00	Greenland	Danish Krone	5.382	Papua N.G.	Kina	0.8987
Albania	Leke	2,324.6	Grenada	E. Caribbean \$	2.7025	Paraguay	Guarani	137.30
Algeria	Dinar	5.8323	Guadeloupe	Local Franc	4.0389	Peru	Sol	270.24
Andorra	French Franc	4.0382	Guam	U.S. \$	1.00	Philippines	Piso	7.50
Angola	Kwanza	20.487	Guatemala	Quetzal	33.0783	Pitcairn Islands	NZ \$	1.0116
Antigua	E. Caribbean \$	2.7025	Guinea Bissau	Peco	18.5579	Poland	Zloty (O)	31.00
Argentina	Argentine Peso	1872.50	Guinea Republic	Sylli	2.545	Portugal	Escudo	48.68
Australia	Australian \$	0.8666	Guyana	Guyana \$	5.00	Puerto Rico	U.S. \$	1.00
Austria	Schilling	13.548	Haiti	Gourde	5.00	Romania	Leu	4.47
Azores	Portug. Escudo	48.68	Honduras Repub.	Lempira	4.91	Rwanda	Franc	82.94
Bahamas	Bahamian \$	1.00	Hungary	Forint (O)	32.6028	S. Africa	Rand	2.0625
Bahrain	Dinar	0.3778	Iceland	Krona	489.70	Samoa	Tala	1.00
Baleares Isles	Spanish Peseta	166.637	India	Ind. Rupee	7.77	San Marino	Italian Lira	2,066.67
Bangladesh	Taka	14.4947	Indonesia	Rupiah	585.00	Saudi Arabia	Saudi Riyal	2.4667
Barbados	Barbados \$	2.01	Iran	Rial	0.2833	Senegal	C.F.A. Franc	201.91
Belgium	B. Franc (C)	27.83	Iraq	Iraqi Dinar	0.2833	Sierra Leone	Leone	0.0688
Belize	Belize \$	2.00	Israel	Israeli Punt*	1.2897	Singapore	Singapore \$	0.7060
Benin	C.F.A. Franc	201.91	Italy	Lira	887.15	Solomon Islands	Sol. Shilling	0.2606
Bermuda	Bermudian \$	1.00	Japan	Yen	201.91	Somalia	Shilling	0.2606
Bhutan	Indian Rupee	7.77	Jamaica	Jamaican Dollar	1.7835	South Africa	Rand	2.0625
Bolivia	Bolivian Peso	26.00	Jordan	Dinar	0.291	Spain	Peseta	70.50
Botswana	Botswana Pula	5.21	Kampuchea	Riel	7.028	Switzerland	Swiss Franc	1.6005
Brit. Virgin Isles	U.S. \$	1.00	Kenya	Kenyan Shilling	0.094	Syria	Syrian Pound	3,262.5
Brunei	Brunei \$	0.678	Korea (Nth)	Won	0.04	Taiwan	New Taiwan (O)	36.00
Burma	Kyat	6.7271	Korea (Sth)	Won	0.04	Tanzania	Tan Shilling	3.2893
Burundi	Burundi Franc	90.00	Kuwait	Kuwait Dinar	0.291	Thailand	Baht	20.50
Cameroon	C.F.A. Franc	201.91	Laos	Kip of Lib.	16.00	Togo	C.F.A. Franc	201.91
Canada	Canadian \$	1.1529	Lebanon	Lib. Pound	3,411.5	Tonga	Panga	0.0606
Canary Islands	Spanish Peseta	70.50	Lesotho	Loti	0.7683	Trinidad & Tob.	Trin. & Tob. \$	3.4053
Cape Verde Isles	Cape Verde Escudo	56.11	Liberia	Liberian \$	0.2961	Tunisia	Tunisian Dinar	0.4131
Cay. Is.	Cay. Is. \$	0.636	Liechtenstein	Swiss Franc	1.6005	Turkey	Lira	74.43
Cent. Af. Rep.	C.F.A. Franc	201.91	Luxembourg	Lux Franc	27.83	Turks & Caicos	U.S. \$	1.00
Chad	C.F.A. Franc	201.91	Macao	Pataca	5.00	Turkey	Lira	74.43
Chile	Chilean Peso (O)	39.00	Madagascar D. R.	Malagasy Franc	48.68	Uganda	Ug. Shilling	2.6822
China	Renminbi Yuan	1.4907	Malawi	Kwacha	0.1296	United Arab Emirs	U.A.E. Dirham	3.6960
Colombia	C.F.A. Franc	201.91	Maldives	Rufiyaa	0.291	Upper Volta	C.F.A. Franc	201.91
Comoros Islands	C.F.A. Franc	201.91	Malta	Maltese Pound	0.40382	Uruguay	Urug. Peso	0.054
Congo (Brazzaville)	C.F.A. Franc	201.91	Martinique	Local Franc	0.40382	U.S.S.R.	Rouble	0.0435
Costa Rica	Colon	0.707	Mauritania	Ouguiya	0.40382	Vatican	Italian Lira	2,066.67
Czechoslovakia	Czechoslovak Koruna (O)	5.50	Mexico	Mexican Peso	22.81	Venezuela	Bolivar	4,293.7
Cyprus	Cyprus Pound	0.3229	Moldavia	Lei	28.217	Vietnam N.	Dong (O)	2.18
Danish	Danish Krone	5.382	Mongolia	Tugrik (O)	3.5535	Vietnam S.	Dong (O)	2.18
Dem. Rep. Congo	C.F.A. Franc	201.91	Montserrat	E. Caribbean \$	2.7025	Virgin Islands U.S.	U.S. \$	1.00
Dominican Repub.	Dominican Peso	1.00	Mozambique	Mozamb. Escudo	28.217	Western Samoa	Samoa Tala	0.9009
Dominican Repub.	Dominican Peso	1.00	Namibia	Rand	0.7683	Yemen	Yemeni Rial	4.57
Ecuador	Buena	28.10	Nauru Is.	Aust. \$	0.8606	Yugoslavia	New Y. Dinar	27.30
El Salvador	El Salvador Colon	2.50	Nepal	Nepalese Rupee	12.00	Zaire	Zaire Zaire	1.9666
Equatorial Guinea	Equatorial Guinean \$	2.0665	Netherlands	Dutch Guilder	1.936	Zambia	Kwacha	0.77
Ethiopia	Birr (O)	0.065	Netherlands Antilles	Antillian Guilder	0.8606	Zimbabwe	Zim \$	0.6935
Faroe Islands	Danish Krone	5.382	New Hebrides	Aust. \$	0.8606			
Falkland Islands	Falkland Is. \$	2.3851	New Zealand	NZ \$	1.0116			
Fiji	Fiji \$	0.8011	Nicaragua	Cordoba	10.00			
Finland	Markka	5.947	Niger Republic	C.F.A. Franc	201.91			
France	French Franc	4.0382	Norway	Norw. Krone	4.80			
French City in Af.	Local Franc	201.91	Oman, Sultanate of	Rial Omani	0.3456			
French Guiana	Local Franc	4.0382	Pakistan	Pkt. Rupee	9.91			
French Pacific Is.	C.F.A. Franc	201.91	Panama	Balboa	1.00			
Gabon	C.F.A. Franc	201.91						
Gambia	Dalasi	1.7407						
Germany (East)	Eastmark	1.7407						
Germany (West)	Deutschmark	2.75						
Ghana	Cedi	2.3551						
Gibraltar	Pound	0.8606						
Gilbert Is.	Kiribati	0.8606						
Greece	Drachma	42.60						

n.a. Not available. * U.S. dollars per National Currency Unit. (O) Official rate. (C) Commercial rate. (F) Financial rate. (1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports. (3) Egypt—A different rate applies to certain transactions with non-MF countries. (4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

£ remains firm

Sterling continued to advance in the foreign exchange market yesterday, helped by the lack of change in Bank of England minimum Lending Rate, and the further downward trend in U.S. interest rates. The pound opened at \$2.3810-\$2.3820, and eased to \$2.3800-\$2.3810, but generally showed little movement before the announcement on M.L.R. It then rose steadily, from \$2.3830-\$2.3840 at mid-day to a peak of \$2.3900-\$2.4000 in the afternoon. Demand for sterling was strong in New York following news of the cut in Chase Manhattan and Chemical Bank prime lending rates to 10 1/2 per cent. There may have been some intervention to stem the pound's advance towards the close, as a rise of 1.17 cents on the day, the highest closing level since March 1975. Sterling's trade-weighted index, as calculated by the Bank of England rose to 75.2 from 75.0, the firmest point since mid-1975, after standing at 74.9 at noon and in the morning.

The dollar lost ground against major currencies in general, falling to DM 1.7350 from DM 1.7400 against the D-mark, to SwFr 1.5940 from SwFr 1.6000 in terms of the Swiss franc, and to £223.10 from £224.00 against the Japanese yen. The U.S. currency's index on Bank of England figures, fell to 83.1 from 83.4.

D-MARK — Slightly weaker within the European Monetary System recently, but showing a firmer tendency against the dollar following a sharp narrowing of interest rate differentials. The Bundesbank made no change to its credit policies and key lending rates yesterday, and the D-mark was quite firm at the Frankfurt fixing. The German authorities did not intervene when the dollar fell to DM 1.7388 from DM 1.7386, while sterling declined to DM 4.1460 from

THE POUND SPOT AND FORWARD

July 24	Day's spread	Close	One month	%	Three months	%
U.S.	2.3800-2.4000	2.3890-2.3970	1.57-1.47c pm	7.61	3.55-3.55 pm	4.89
Canada	2.7450-2.7550	2.7520-2.7600	1.50-1.40c pm	5.34	3.74-3.74 pm	5.34
Netherlands	6.15-6.15	6.15-6.15	17-17c pm	2.15	27-27c pm	2.15
Denmark	12.80-12.80	12.80-12.80	4-4c pm	1.52	7-7c pm	1.52
Ireland	1.1000-1.1100	1.1020-1.1100	0.00-0.00 pm	0.00	0.00-0.00 pm	0.00
W. Ger.	4.13-4.13	4.13-4.13	3-3c pm	0.71	7-7c pm	0.71
Portugal	115.50-115.50	115.50-115.50	15c pm-25c	0.51	25c-30c pm	0.51
Spain	168.75-170.25	168.75-169.50	15c pm-25c	0.50	25c-30c pm	0.50
Italy	1.980-1.981	1.979-1.977	12-15c pm-25c	0.50	25c-30c pm	0.50
Norway	17.40-17.40	17.40-17.40	7-7c pm	0.46	15-15c pm	0.46
Sweden	9.80-9.80	9.80-9.80	4-4c pm	0.46	15-15c pm	0.46
Japan	330-330	330-330	150-150 pm	0.50	25c-30c pm	0.50
Austria	29.30-29.30	29.30-29.30	14-14c pm	0.50	25c-30c pm	0.50
Switzerland	2.00-2.00	2.00-2.00	4-4c pm	1.00	25c-30c pm	1.00

Six-month rate is for convertible francs. Financial Times 65.75-65.75. Six-month forward dollar 5.30-5.30c pm. 12-month 7.25-7.25c pm.

THE DOLLAR SPOT AND FORWARD

July 24	Day's spread	Close	One month	%	Three months	%
U.K.	2.3800-2.4000	2.3890-2.3970	1.57-1.47c pm	7.61	3.55-3.55 pm	4.89
Canada	2.7450-2.7550	2.7520-2.7600	1.50-1.40c pm	5.34	3.74-3.74 pm	5.34
Netherlands	6.15-6.15	6.15-6.15	17-17c pm	2.15	27-27c pm	2.15
Denmark	12.80-12.80	12.80-12.80	4-4c pm	1.52	7-7c pm	1.52
Ireland	1.1000-1.1100	1.1020-1.1100	0.00-0.00 pm	0.00	0.00-0.00 pm	0.00
W. Ger.	4.13-4.13	4.13-4.13	3-3c pm	0.71	7-7c pm	0.71
Portugal	115.50-115.50	115.50-115.50	15c pm-25c	0.51	25c-30c pm	0.51
Spain	168.75-170.25	168.75-169.50	15c pm-25c	0.50	25c-30c pm	0.50
Italy	1.980-1.981	1.979-1.977	12-15c pm-25c	0.50	25c-30c pm	0.50
Norway	17.40-17.40	17.40-17.40	7-7c pm	0.46	15-15c pm	0.46
Sweden	9.80-9.80	9.80-9.80	4-4c pm	0.46	15-15c pm	0.46
Japan	330-330	330-330	150-150 pm	0.50	25c-30c pm	0.50
Austria	29.30-29.30	29.30-29.30	14-14c pm	0.50	25c-30c pm	0.50
Switzerland	2.00-2.00	2.00-2.00	4-4c pm	1.00	25c-30c pm	1.00

U.K. and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currencies.

CURRENCY MOVEMENTS

July 24	Bank of England Index	Morgan Stanley Index	July 23	Bank Rate	Special Drawing Rights	European Currency Unit
Sterling	75.2	75.2	75.2	15	0.597127	0.597127
U.S. dollar	83.1	83.1	83.1	10	0.597127	0.597127
Canadian dollar	81.4	81.4	81.4	10	0.597127	0.597127
Australian dollar	115.7	115.7	115.7	10	0.597127	0.597127
Deutsche mark	108.4	108.4	108.4	10	0.597127	0.597127
French franc	108.4	108.4	108.4	10	0.597127	0.597127
Italian lira	108.4	108.4	108.4	10	0.597127	0.597127
Japanese yen	108.4	108.4	108.4	10	0.597127	0.597127
Swiss franc	108.4	108.4	108.4	10	0.597127	0.597127
U.S. dollar	108.4	108.4	108.4	10	0.597127	0.597127
Canadian dollar	108.4	108.4	108.4	10	0.597127	0.597127
Australian dollar	108.4	108.4	108.4	10	0.597127	0.597127
Deutsche mark	108.4	108.4	108.4	10	0.597127	0.597127
French franc	108.4	108.4	108.4	10	0.597127	0.597127
Italian lira	108.4	108.4	108.4	10	0.597127	0.597127
Japanese yen	108.4	108.4	108.4	10	0.597127	0.597127
Swiss franc	108.4	108.4	108.4	10	0.597127	0.597127

Based on trade weighted changes from 1972. Washington agreement December 1971. (Bank of England Index 100).

OTHER CURRENCIES

July 24	Bank of England Index	Morgan Stanley Index	July 23	Bank Rate	Special Drawing Rights	European Currency Unit
Argentina	4403.4533	4403.4533	4403.4533	10	0.597127	0.597127
Australia	2.0625	2.0625	2.0625	10	0.597127	0.597127
Brazil	187.07	187.07	187.07	10	0.597127	0.597127
Canada	101.431	101.431	101.431	10	0.597127	0.597127
Denmark	12.80	12.80	12.80	10	0.597127	0.597127
France	4.0382	4.0382	4.0382	10	0.597127	0.597127
Germany	2.75	2.75	2.75	10	0.597127	0.597127
Italy	2.00	2.00	2.00	10	0.597127	0.597127
Japan	330	330	330	10	0.597127	0.597127
Netherlands	6.15	6.15	6.15	10	0.597127	0.597127
Norway	9.80	9.80	9.80	10	0.597127	0.597127
Sweden	17.40	17.40	17.40	10	0.597127	0.597127
Switzerland	2.00	2.00	2.00	10	0.597127	0.597127
U.S. dollar	83.1	83.1	83.1	10	0.597127	0.597127
U.K. pound	75.2	75.2	75.2	10	0.597127	0.597127

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

July 24	ECU central rates	July 23	% change	% change	% change
Belgium Franc	39.7897	40.2382	+1.18	+0.43	+1.53
Danish Krone	7.4633	7.4633	+0.07	+0.12	+0.19
German D-Mark	2.3752	2.3752	+0.03	+0.08	+0.11
French Franc	5.8700	5.8700	-0.02	-0.77	-1.357

Early Wall St. decline of 5.1

Hunts will 'not sell silver yet'

NEW YORK—Herbert Hunt told Fortune Magazine the Hunt brothers do not expect to dispose of their silver holdings before the metal regains the real value he and his brother Bunker believe it has.

In the August 11 issue, Herbert Hunt said, "We're keeping our options open, though I personally think the price of silver is very cheap at this point."

Both Herbert and Bunker told the magazine the recent rebound in silver prices from a low of \$10.80 an ounce has left them "slightly ahead" in all their dealings in the metal since the early 1970s.

Both said they still regard the metal as an excellent investment. Bunker said he still expects the gold/silver ratio to move to five-to-one.

Herbert Hunt indicated to Fortune that some securities the brothers owned were liquidated after they obtained a \$1.1bn bank loan.

"But no silver has been disposed of, and (Herbert) expects it will not have to be before the bullion regains the real value he and Bunker believe it has," Fortune said.

"The terms of the loan were awful tough—the collateral is probably eight or nine times as large (as the loan). We're going to work hard getting it paid off," he was quoted as saying.

The loan saved the Hunt brothers from dumping their remaining 63m oz of silver on a depressed market, Fortune said.

India expects higher tea output

NEW DELHI—India's tea output in 1980 is expected to rise to between 570m and 580m kilos from 545m last year, the United Planters' Association of South India (UPASI) said.

UPASI said South India has yet to recover from drought early this year which cut the January-June production to 66.4m kilos from 73.8m kilos in the first half of last year.

But it said output in North India is expected to show an increase of between 25m and 30m from last year.

UPASI said most tea estates in South India, particularly in Kerala, are likely to end the year with a deficit unless government grants them fiscal relief.

Call for new inquiry into UK milk distribution

BY RICHARD MOONEY

A PARLIAMENTARY committee has called for a "wide-ranging" inquiry into Britain's milk distribution system.

In its first report following its investigation of the dairy sector the Commons Agriculture Committee said there may be scope for reducing distribution margins for liquid milk. It also suggested the Government may have been "over generous" to farmers and retailers in fixing the maximum retail milk price.

These findings were published yesterday as milk producers and distributors awaited the Government's response to a joint request for a further increase in the retail price of liquid milk. They have asked for another 1p a pint from August 1.

The Committee also argued in favour of further pressure being put on producers' profits. It said Mr. Peter Walker, the UK Agriculture Minister, should persist in his demands for a freeze on Common Market milk prices in real terms, so as to discourage excess production.

"We cannot escape the unpleasant fact that there is no painless way of reducing production. If production is to be reduced, some farmers are going to have to produce less, hence to earn less, than they would like to," the report said.

Such a freeze, sustained over four to five years, would be the most effective way of reducing overproduction, the Committee concluded. But it stressed that the freeze should not be operated in such a way as to

discriminate against British producers.

Committee members were worried that further milk price rises might result in a sharper reduction in UK consumption, which is already declining at nearly 3 per cent a year. This could threaten the country's door-step delivery system which it found "highly desirable", especially in scattered rural communities and for the elderly and immobile. It also noted that the system was a valuable source of employment.

On imports, the Committee thought raw milk should be excluded absolutely, and pasteurised milk only allowed in if it could be shown there would be no attendant health risks, and ultra-heat treated milk only if Continental dairies were brought under the same quality and hygiene controls as operated in Britain.

In principle, however, the Committee favoured giving consumers "the greatest practicable" choice of what to buy and how to buy it.

The report was generally well received, though the National Farmers' Union was most grudging in its approval. The very grave situation of UK milk producers at present had not been sufficiently appreciated, complained Mr. Richard Butler, the NFU president. Increased returns were needed from the liquid milk market.

"A prolonged price freeze could destroy the UK milk industry," he declared.

He recognised, however, that

the Committee had made "a careful analysis of the complex EEC milk problems, and welcomed its insistence that there should be no discrimination against UK producers. Its support for free school milk and door-step deliveries and its caution on imports also found favour with the NFU chief."

The Dairy Trade Federation, which represents dairy processors and distributors, gave what it described as a "qualified welcome" for similar reasons to the NFU's. But—hardly surprisingly—it failed to see the need for another inquiry into the distribution sector while an independent firm of accountants was already studying the industry's costing system.

Mr. John Owens, the DTF director general, dismissed the suggestion of excess profits. He said dairies made a 1p profit on every pint delivered and that had to pay for wages, fuel, running costs and interest charges. If the margin were reduced, door-step deliveries would become uneconomic, he insisted.

The call for price restraint and for the inquiry were naturally welcomed by consumer groups. The National Consumer Council, the Consumers' Association and the Consumers in the European Community Group were equally unenthusiastic in their praise for the Committee's recommendations.

"Economic, Social and Health Implications for the United Kingdom of the Common Agricultural Policy on Milk and Dairy Products."

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Whale hunt ban rejected

By Alan Friedman

THE ANTI-WHALING faction in the International Whaling Commission only just failed yesterday to force a world-wide ban on the hunting of sperm whales.

Although the IWC's plenary meeting voted 14 to 6 in favour of the ban, this fell one vote short of the necessary three-quarters majority to bring an IWC action into effect.

The six nations voting the resolution down were Japan, Iceland, USSR, Spain, South Korea and Canada. Canada was the only non-whaling nation to vote against the proposed ban.

For this I believe the seven-vote drought in the spring was responsible, in that it prevented the straw from growing too long, which is a characteristic of this particular variety, Sonja.

But I am far from being carried away by the results of a couple of fields, some 10 per cent of any total barley. Almost everything can go wrong, and probably will, before all is safely gathered in. I also understand that there has been a great deal of weather damage in some areas and wheat crops look to be very late indeed.

A good point about the weather this cold summer is that it has been just as effective in restricting the incidence of crop diseases as has the multitude of chemicals available for that purpose. I am a firm believer in the cure rather than the preventive approach. I want to see which particular malady I am attacking before I spend the money. This incidentally is exactly the counsel of the Ministry of Agriculture's advisory service.

The effect of this on farm prices will probably be to keep them at the intervention level. And in view of the generally

beastly outlook, more farmers will be looking towards the market, something they have so far avoided.

The reasons for this are complex. Up till now exports and consumption have provided better outlets. Those putting grain into intervention have largely been traders, and they have been assiduous in pointing out to farmers the difficulties of the operation.

There is nothing to prevent a farmer from offering his grain for intervention. It must conform to certain standards of moisture and quality and must be in lots of not less than 100 tonnes. Many farmers could produce grain of the right standard and in these quantities but have been put off by tales of rejections at the stores, delays in payment, and so on.

It is generally reckoned that the cost of putting grain into intervention is £3 and £4 per tonne and in past years this above that differential. This year, however, the quoted price for August feed barley is £58.40 while the intervention price is £56.44. This gap of £1.96 per tonne will make many farmers think will seriously about the prospect of making offers to the Intervention Board, learning the procedures and making sure that the deliveries will be up to the standards laid down.

They will be stimulated in this by the realisation that although they have had a theoretical rise of 11 per cent since everything has risen by almost double that figure, and it behooves them to grab every penny they can.

And in view of the generally

UK CEREALS

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

TUESDAY of this week was the perfect harvest day, with unbroken sunshine, a drying breeze and a temperature in the 70s. Fortunately I was able to take advantage of it and the winter barley I was harvesting came in with a moisture content which dropped progressively from 22 to 18 per cent as the day went on.

By evening, the dryer was some four hours behind the combines, but thanks to some overtime was ready and waiting for the next day's start.

The yield in fact was remarkably good, which reversed my gloomy predictions of a light yield because the crops have stood so well in spite of much stormy weather.

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Harvest and after

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

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There is nothing to prevent a farmer from offering his grain for intervention. It must conform to certain standards of moisture and quality and must be in lots of not less than 100 tonnes. Many farmers could produce grain of the right standard and in these quantities but have been put off by tales of rejections at the stores, delays in payment, and so on.

It is generally reckoned that the cost of putting grain into intervention is £3 and £4 per tonne and in past years this above that differential. This year, however, the quoted price for August feed barley is £58.40 while the intervention price is £56.44. This gap of £1.96 per tonne will make many farmers think will seriously about the prospect of making offers to the Intervention Board, learning the procedures and making sure that the deliveries will be up to the standards laid down.

They will be stimulated in this by the realisation that although they have had a theoretical rise of 11 per cent since everything has risen by almost double that figure, and it behooves them to grab every penny they can.

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BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lead ground on the London Metal Exchange in fairly active trading

LONDON STOCK EXCHANGE

Interest centres on possible 'dawn-raid' candidates and particularly Turner and Newall-Gilts react late

Account Dealing Dates
Options
*First Declara- Last Account
Dealings Dealings Day
11 Aug. 28 Aug. 29 Sept. 8
14 Aug. 14 July 25 Aug. 14
17 Aug. 17 July 25 Aug. 14
20 Aug. 20 Aug. 8 Aug. 13
23 Aug. 23 Aug. 8 Aug. 13
26 Aug. 26 Aug. 8 Aug. 13
29 Aug. 29 Aug. 8 Aug. 13
31 Aug. 31 Aug. 8 Aug. 13
New time - dealings may take place from 9 am two business days earlier.

London stock markets turned cautious after the decision to leave Minimum Lending Rate this week at 16 per cent. Earlier, leading equities had nudged forward on the chance of a cut and the Government's decision to see the activation in first-time dealings of the new minimum £20-paid up stock. Treasury 11 per cent 1991 "A" After refusing a bid of 201 for supplies of the tax issued on Wednesday at 20, the Government broker sold stock at 204 and this steadied the market. But profit-taking became more forceful towards the close in popular stocks such as Treasury 13 per cent 2000 and the reaction was swift in the absence of buyers of any size.

Sentiment was not helped by speculation about some discount houses having overbought and the longes lost early gains of

to close with falls ranging from 1/4 to 1/2. Similarly, the shorts slipped back to overnight list levels from slightly higher prices which had been indicative of a better trade than of late.

Because of the prevailing apathy in equities, traders became engrossed in guessing the next dawn-raid candidate. Turner and Newall, up 14 more at 131p, were a hot favourite and, following continued heavy buying from one source, it was suggested that the business may be affected this morning; other likely candidates included British Sugar and Sirdar.

The strength of Turner and Newall offset the overall dullness in constituents of the FT 30-share index which closed 1/4 up at 487p. Talk of a large fund-raising operation being in the offing, perhaps this morning, began to be heard in the after-hours trade.

Canadian advices were primarily responsible for a sharp upturn of 8p to 935p, after 945p, in Bow Valley; recently, bid speculation has fared and a Press report yesterday suggested Dow Chemical as a possible bidder.

Quicker conditions prevailed in Traded options with the number of contracts completed amounting to 1,000. Lendro remained in demand, attracting 280 deals, while 156 trades were struck in Courtaulds.

Energy Capital put on 6 for a two-day gain of 16 to 96p in recently-issued equities. Hall Brothers Steamship, recently back from suspension following the offer for Brit Investments, rose 1/4 to 257p in a thin market.

Discounts easier

A rising market of late in sympathy with firm gilts and on hopes that interest rates would fall further. Discount Houses turned down on profit-taking following the MLR announcement. Union cheapened 15 to 510p, while Alexander's, 275p, Carer Ryder, 385p, and Gerrard and National, 385p, all lost 5. Interest in the major clearing banks remained at a low ebb but Midland edged forward a couple of pence to 352p in front of today's interim results. Profit-taking clipped 10p from Leopold Joseph, 190p, among mixed results and Astra Industries, which Samuel received 4 to 137p, Schroders gained 15 to 310p in a thin market. Elsewhere, Lloyds and Scottish put on 3 to 175p and FNTFC were active but closed unaltered at 25p.

In a quiet insurance sector, Hogg Robinson improved 3 to 123p, still reflecting the slightly better-than-expected annual figures.

Interest in the drinks sector was confined to selected Wines and Spirits. A good two-way business was again reported in Distillers with institutional buyers lifting the shares 5 to 213p. Awaiting the report from the Secretary of Trade concerning the contest, Hiram Walker offer. Highland rose to 145p before settling for a gain of 4 at 142p.

In Buildings, Higgs and Hill jumped 2 1/2 to 92p on an unwelcome bid approach. Gough Coover, the subject of a "dawn raid" on Tuesday when Stewart Investment acquired a 29.9 per cent stake in the company, added 3 to 81p. Aberdeen Construction, a dull market of late on lack of support, picked up 10 to 138p, while Alexander Russell gained 9 to 35p, the latter in a thin market.

After opening higher at 376p, ICI drifted off and closed a couple of pence cheaper on balance at 372p. Among other Chemicals, Conifite hardened a couple of pence to 140p, while L-Logi Interest revived with a gain of 4 at 169p, Yorkshire shed 2 to a 1980 low of 42p.

FINANCIAL TIMES STOCK INDICES									
	July 23	July 24	July 25	July 26	July 27	July 28	July 29	July 30	July 31
Government Secs.	72.24	72.49	72.34	72.54	71.91	71.95	72.95	72.95	72.95
Fixed Interest	74.06	74.06	73.04	72.76	72.11	73.08	74.06	74.06	74.06
Industrial	487.0	486.0	486.7	488.0	487.5	488.5	488.5	488.5	488.5
Gold Mines	277.2	277.2	277.2	277.2	277.2	277.2	277.2	277.2	277.2
Ord. Div. Yield	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44	7.44
Earnings, Yld. 2(ful)	18.05	18.05	18.05	18.05	18.05	18.05	18.05	18.05	18.05
P/E Ratio (net)	6.87	6.87	6.87	6.87	6.87	6.87	6.87	6.87	6.87
Equity turnover 2m	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
Equity bargains total	18,510	17,445	18,405	18,435	18,435	18,435	18,435	18,435	18,435

10 am 487.2, 11 am 487.5, Noon 487.7, 1 pm 488.3, 2 pm 486.7, 3 pm 485.5, Latest index 01-25-8022, *Hil-8.22.

Base: 100, Govt. Secs. 15/10/28, Fixed Int. 1928, Industrial 17/75, Gold Mines 12/9/55, SE Activity July-Dec. 1942.

HIGHS AND LOWS				S.E. ACTIVITY			
	1980	Since Compil'n	July 24	July 25			
Govt Secs.	72.54	63.85	127.4	49.18	Govt Secs.	115.0	127.4
Fixed Int.	74.06	64.70	150.4	50.53	Industrial	105.1	140.7
Ind. Ord.	605.1	406.9	198.1	197.7	Speculative	33.9	84.7
Gold Mines	277.2	265.5	111.7	111.7	5-day Avg.	126.5	131.1
					10-day Avg.	126.3	124.9
					20-day Avg.	126.1	124.9

LONDON TRADED OPTIONS									
Option	Exercise price	Closing price	Vol.	Closing price	Vol.	Closing price	Vol.	Equity close	
BP	350	44	13	60	—	70	—	349p	
BP	360	27	68	40	20	50	—	—	
BP	380	16	30	30	—	—	—	—	
BP	400	8	10	10	—	—	—	—	
Com. Union	160	8 1/2	10	12	—	19	—	154p	
Cona. Gold	480	97	—	107	4	92	—	588p	
Cona. Gold	500	85	—	78	—	32	—	—	
Cona. Gold	550	85	—	52	—	70	—	—	
Cona. Gold	600	28	—	10	—	—	—	—	
Courtaulds	80	3 1/2	10	6	—	15	—	69p	
Courtaulds	90	3 1/2	10	6	—	15	—	—	
Courtaulds	100	3 1/2	10	6	—	15	—	—	
GEC	460	43	12	64	—	82	—	473p	
GEC	500	22	1	42	—	60	—	—	
Grand Met.	140	24	—	31	4	36	—	159p	
Grand Met.	160	11 1/2	—	19	13	26	—	—	
Grand Met.	180	5 1/2	—	10 1/2	—	16	—	—	
ICI	360	33	5	46	2	54	—	374p	
ICI	380	17	10	30	10	35	—	—	
ICI	400	10	—	—	—	—	—	—	
Land Secs.	285	85	1	8	—	—	—	361p	
Land Secs.	300	20	—	32	—	49	—	—	
Land Secs.	350	20	—	32	—	49	—	—	
Marika & Sp.	100	7	—	11 1/2	—	15	—	96p	
Shell	480	30	18	48	5	58	—	431p	
Shell	500	14	—	27	—	36	—	—	
Totals			497	85	22	—	—	—	
Imperial Op.	90	1	—	3	—	5	—	79p	
Lendro	94	35	10	37	23	40	—	106p	
Lendro	104	16	10	80	11	25	—	—	
Lendro	114	9	32	16	198	20	—	—	
P. & O.	130	13	—	21	—	—	—	188p	
P. & O.	150	5 1/2	—	13	14	16	—	—	
Racal Elec.	260	14	—	35	4	43	—	264p	
Racal Elec.	280	3	—	12	—	23	—	—	
Racal Elec.	300	3	—	12	—	23	—	—	
RTZ	460	23	35	47	—	50	—	465p	
Totals			158	264	5	—	—	—	

Leading Stores again traded without distinction and price movements were usually limited to a couple of pence either side. An exception was provided by Gussies "A" 6 lower at 436p. Among secondary counters, the auditor's qualification of the company's accounts continued to unsettle Cope Sportswear, a penny cheaper for a two-day fall of 7 at 16p.

Air Calk stood out in Electricals with a speculative rise of 11 to 233p. Automated Security rose 10 to 305p, after 311p, following favourable results, while Laurence Scott finished a couple of pence harder at 60p, after 57p, despite the dividend cut and annual deficit. MK put on 6 to 204p and Energy Services 1 1/2 to 321p. Still reflecting news that the group has sealed the U.S. deal to sell its EMI medical division.

Interest in Engineering focused upon companies reporting trading statements. Devry Corporation touched 91p before closing only a penny lower on balance at 83p with the maintained dividend outweighing the 40 per cent annual profits contraction. Although the 1980, after 183p, on disappointing interim results, but Mining Supplies hardened a penny to 135p, after 140p, in response to the doubled dividend and increased earnings. Tace put on 2 to 25p following the half-year results, while Astra Industries gained 2 1/2 to 141p on recovery hopes. ML improved 5 afresh to 300p and Westland rallied the same amount to 130p. Wolsley Hughes again came on offer and shed 7 to 245p, while British Aluminium, 185p, and Adwest, 169p, relinquished 5 and 4 respectively. Of the leaders, John Brown softened a fraction to 52p awaiting today's preliminary results. Tubes gave up 4 to 276p and Pickers dipped a few pence to 138p.

Associated Dairies closed 6 up at 184p, after 200p; last year, the preliminary results were announced towards the end of August. British Sugar added 6, to 246p, on "dawn raid" rumours, while Avana put on 7 to 180p, also on speculative interest.

Turner and Newall good

Up 6 the previous day on speculative buying fuelled by a report that the company had opened at 29 1/2p premium and jumped 14 more to 131p yesterday as the market anticipated an imminent dawn raid. Other Chemicals, Conifite hardened a couple of pence to 140p, while L-Logi Interest revived with a gain of 4 at 169p, Yorkshire shed 2 to a 1980 low of 42p.

NEW HIGHS AND LOWS FOR 1980				S.E. ACTIVITY			
	1980	Since Compil'n	July 24	July 25			
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					10-day Avg.	126.3	124.9
					20-day Avg.	126.1	124.9

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS									
	Thurs. July 24, 1980	Wed. July 23	Tues. July 22	Mon. July 21	Fri. July 18	Year ago (approx.)			
1 CAPITAL GOODS (172)	278.79	-0.2	16.68	5.89	7.26	279.28	281.75	286.64	239.06
2 Building Materials (28)	262.82	-0.1	17.56	6.38	6.69	262.88	264.84	264.14	223.72
3 Contracting Construction (27)	413.88	-0.4	22.30	5.91	5.35	413.66	419.77	423.81	380.75
4 Electricals (16)	797.65	-0.3	12.95	3.27	10.01	797.46	802.58	816.54	808.08
5 Engineering Contractors (11)	327.90	-0.5	20.71	7.95	6.06	327.91	334.46	346.13	371.81
6 Mechanical Engineering (74)	180.50	-0.5	17.82	3.73	18.29	180.50	184.25	190.20	174.79
7 Metals and Metal Forming (16)	170.17	-0.1	21.20	9.57	5.67	170.28	170.82	172.80	161.61
8 CONSUMER GOODS									
9 (DURABLE) (49)	229.49	-0.3	14.40	5.78	8.36	230.43	232.46	237.20	226.17
10 Lt. Electronics, Radio, TV (14)	341.51	-0.4	11.24	4.13	10.91	342.90	347.41	355.47	314.25
11 Household Goods (14)	37.38	-0.5	18.84	5.07	9.63	37.38	38.73	39.27	35.17
12 Motors and Distributors (21)	103.24	-0.1	22.21	9.60	5.20	103.32	107.79	103.95	110.29
13 NON DURABLES (172)	234.77	-0.2	17.65	6.89	6.85	235.24	236.29	239.51	230.46
14 Wines and Spirits (5)	285.76	-0.1	15.84	6.44	7.36	286.72	289.52	290.36	276.87
15 Wines and Spirits (5)	315.91	+2.2	19.20	6.45	6.13	316.92	317.18	317.78	284.93
16 Entertainment, Catering (17)	335.84	-0.7	17.19	6.66	7.21	337.27	336.92	343.56	301.68
17 Food Manufacturers (21)	214.59	-0.3	12.95	6.99	6.20	215.22	217.27	218.71	195.52
18 Food Retailing (13)	347.01	+0.7	12.16	6.92	7.35	348.13	349.13	354.13	327.17
19 Newspapers, Publishing (13)	441.44	-0.4	21.63	6.62	6.24	443.11	443.50	442.99	404.86
20 Packaging and Paper (15)	136.79	-0.7	26.12	9.57	4.45	137.82	137.17	140.51	121.02
21 Stores (45)	227.52	-0.2	13.87	5.53	4.40	227.96	229.23	231.99	228.05
22 Textiles (22)	126.37	-0.2	26.02	12.50	4.44	126.62	128.12	129.48	151.18
23 Tobacco (3)	223.70	-1.3	25.66	10.41	4.48	224.77	228.74	229.23	229.25
24 Toys and Games (5)	26.30	-1.3	8.59	6.86	2.80	26.31	26.30	27.63	45.94
25 OTHER GROUPS (99)	227.59	-0.3	16.16	6.81	7.35	228.26	228.26	229.85	194.66
26 Chemicals (16)	318.38	-0.5	19.49	7.57	5.88	319.88	320.55	322.12	267.06
27 Pharmaceutical Products (7)	231.89	+0.5	10.91	5.97	11.33	230.82	230.32	233.35	213.40
28 Office Equipment (6)	104.15	-0.3	19.44	7.97	6.00	104.42	106.47	109.15	116.68
29 Shipping (10)	600.97	+0.9	12.77	5.87	9.55	595.75	602.93	607.75	452.47
30 Miscellaneous (60)	294.45	+1.1	15.78	6.49	7.79	294.41	294.48	296.78	252.70
31 INDUSTRIAL GROUP (492)	251.31	-0.1	16.65	6.51	7.35	251.30	253.12	256.30	230.50
32 Oils (8)	794.53	-0.5	28.87	6.45	3.82	808.98	809.95	842.31	647.19
33 50 SHARE INDEX	294.55	-0.2	19.28	6.05	6.08	295.02	296.57	301.00	280.82
34 FINANCIAL GROUP (118)	233.26	-0.2	—	5.43	—	233.78	234.34	236.07	183.76
35 Banks (6)	236.61	-0.1	41.83	6.96	2.91	236.64	237.91	239.41	203.93
36 Discount Houses (10)	298.14	-1.7	—	5.95	—	303.18	296.89	297.79	257.62
37 Hire Purchase (5)	253.41	-0.7	12.23	3.95	10.66	253.66	254.64	256.25	161.98
38 Insurance (Life) (10)	226.85	-0.1	—	5.47	—	229.89	232.40	234.33	166.99
39 Insurance (General) (9)	26.30	-1.3	8.59	6.86	2.80	26.31	26.30	27.63	45.94
40 Insurance Brokers (9)	340.83	-0.2	13.51	6.71	10.16	341.61	344.31	349.01	288.19
41 Merchant Banks (12)	140.56	-0.3	—	5.05	—	141.01	140.77	141.45	140.33
42 Property (45)	435.59	-0.6	3.30	2.68	42.99	438.17	438.54	441.04	351.85

BOLD

That's BTR

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	+/-	Yield
100.00	99.50	British 100	100.00	0.50	10.00
99.50	99.00	British 100	99.50	-0.50	10.00
99.00	98.50	British 100	99.00	-0.50	10.00
98.50	98.00	British 100	98.50	-0.50	10.00
98.00	97.50	British 100	98.00	-0.50	10.00
97.50	97.00	British 100	97.50	-0.50	10.00
97.00	96.50	British 100	97.00	-0.50	10.00
96.50	96.00	British 100	96.50	-0.50	10.00
96.00	95.50	British 100	96.00	-0.50	10.00
95.50	95.00	British 100	95.50	-0.50	10.00
95.00	94.50	British 100	95.00	-0.50	10.00
94.50	94.00	British 100	94.50	-0.50	10.00
94.00	93.50	British 100	94.00	-0.50	10.00
93.50	93.00	British 100	93.50	-0.50	10.00
93.00	92.50	British 100	93.00	-0.50	10.00
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91.00	90.50	British 100	91.00	-0.50	10.00
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90.00	89.50	British 100	90.00	-0.50	10.00
89.50	89.00	British 100	89.50	-0.50	10.00
89.00	88.50	British 100	89.00	-0.50	10.00
88.50	88.00	British 100	88.50	-0.50	10.00
88.00	87.50	British 100	88.00	-0.50	10.00
87.50	87.00	British 100	87.50	-0.50	10.00
87.00	86.50	British 100	87.00	-0.50	10.00
86.50	86.00	British 100	86.50	-0.50	10.00
86.00	85.50	British 100	86.00	-0.50	10.00
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83.00	82.50	British 100	83.00	-0.50	10.00
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82.00	81.50	British 100	82.00	-0.50	10.00
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81.00	80.50	British 100	81.00	-0.50	10.00
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80.00	79.50	British 100	80.00	-0.50	10.00
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79.00	78.50	British 100	79.00	-0.50	10.00
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78.00	77.50	British 100	78.00	-0.50	10.00
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75.00	74.50	British 100	75.00	-0.50	10.00
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74.00	73.50	British 100	74.00	-0.50	10.00
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47.00	46.50	British 100	47.00	-0.50	10.00
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46.00	45.50	British 100	46.00	-0.50	10.00
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45.00	44.50	British 100	45.00	-0.50	10.00
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37.00	36.50	British 100	37.00	-0.50	10.00
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20.00	19.50	British 100	20.00	-0.50	10.00
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19.00	18.50	British 100	19.00	-0.50	10.00
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17.00	16.50	British 100	17.00	-0.50	10.00
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15.00	14.50	British 100	15.00	-0.50	10.00
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13.50	13.00	British 100	13.50	-0.50	10.00
13.00	12.50	British 100	13.00	-0.50	10.00
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12.00	11.50	British 100	12.00	-0.50	10.00
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11.00	10.50	British 100	11.00	-0.50	10.00
10.50	10.00	British 100	10.50	-0.50	10.00
10.00	9.50	British 100	10.00	-0.50	10.00
9.50	9.00	British 100	9.50	-0.50	10.00
9.00	8.50	British 100	9.00	-0.50	10.00
8.50	8.00	British 100	8.50	-0.50	10.00
8.00	7.50	British 100	8.00	-0.50	10.00
7.50	7.00	British 100	7.50	-0.50	10.0

INDUSTRIALS—Continued

Stock	Price	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	290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INSURANCE—Continued

[illegible]

PROPERTY—Continued

[illegible]

INVESTMENT TRUSTS—

[illegible]**FINANCE, LAND—Cont'd**[illegible]

a fully integrated banking service.



MINES—Continued

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominators are £20. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/E's are calculated on "pre-distribution" basis, earnings per share being computed on profit after taxation and interest. Average ACTs where applicable are bracketed figures indicating 10 per cent or more difference if calculated on "pre-distribution" covers. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACTs. Yields are based on midsize prices, are gross, adjusted to ACT 30 per cent and allow for value of declared dividends and rights.

• • • • •

- 9 Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- 10 * Inflation since increased or resumed.
- 11 * Inflation since reduced, passed or deferred.
- 12 * Tax-free to non-residents on application.
- 13 * Figures or report awaited.
- 14 * Unlisted security.
- 15 * Price at time of suspension.
- 16 * Indicated dividend after pending scrip and/or rights issue; compare with relevant dividend or forecast.
- 17 * Merger bid or reorganisation in progress.
- 18 * Not consumable.
- 19 * Same interest: reduced final and/or reduced earnings indicated.
- 20 * Forecast dividend; cover on earnings updated by latest interest.

Issuance of shares

[illegible]

ent; π ex scri

am; net ex capital distribution.

AL M

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are quoted on the Irish exchange		
Albany Inc. 20p	32	
Anglo-Am. 20p	32	
Bdg-wtr. Est. 50p	685	-5
Clover Cork	60	
Cork & Ross C.	130 1/2	
Filey Peg. 50p	38	
Finlay Prop. 25p	32	
Grang Shp. 1s	633 1/2	
Higgins & Co.	110	
Hot (Hon) 25p	269	
I.M. (Hon) 25p	192	
Peacock H.J.	46 1/2	
P&M Milks	100	
Sheff. Refrühst	102 1/2	
Sandall (Wm.)	143	
		REER
		Guin. 97 1/2p 84/89
		Min. 13 1/2p 97/02
		Alliance Gas
		48
		+30
		Carroll (P.J.)
		60
		Clonafish
		122
		Concrete Prods.
		70
		Consolidated
		250
		Ins. Corp.
		High Rates
		45
		T.M.G.
		88
		Unicore
		80

OPTIONS
3-month Call Rates

05 _____

B.S.R.	42	Inveresk	4	Property	
Babcock	8	Ladbroke	25	Brit. Land	7
Barclays Bank	34	Legal & Gen.	15	Cap. Counties	9
Beecham	10	Lex Service	8	Land Secs	26
Bio Circle	25	Lloyds Bank	24	MEPC	17
Boots	16	"Lifts"	32		
Bowness	15	London Rock	6		

as locks. _____
 mts. _____

Burton 'A'	10	Mrs. & Spncr	8	Town & City	2
Cadbury	5 1/2	Midland Bank	26	Gile	
Coarntide	8	N.E.I.	5		
Debenham	8	Nat. West. Bank	27	Brit. Petroleum	32
Dolliers	17	P & O Ltd.	10	Burmah Oil	20
Dunlop	7 1/2	Plessey	14	Charterhall	10

Elect _____
M. _____

Gen. Accident	21	Rank Org.	15	Sees	35
Gen. Electric	30	Reed Indl.	16	Tricentrol	40
Glass	18	Seers	5	Ultramar	35
Grand Met.	12	Tecon	6		
G.U.S. 'A'	34	Thorn	23	Mimes	
Guardian	23	Trust Houses	12	Charter Cons.	34
G.V.N.	20	Tyden	20		

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A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

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FINANCIAL TIMES

Friday July 25 1980

BELL'S
SCOTCH WHISKY
BELL'S

Labour call for import curbs

BY CHRISTIAN TYLER, LABOUR EDITOR

THE LEADERSHIP of the Labour Party formally committed itself yesterday to import controls as a necessary step towards reversing the decline of industry.

Publication of a policy statement on trade and industry, drawn up with TUC leaders, marks an important shift towards protectionism, or "trade management," as it is being called, by Labour moderates including Mr. James Callaghan, the Opposition Leader.

Although Left-wingers in the party may claim to have effected the conversion, Mr. Callaghan stressed that the measures proposed were the result of a joint assessment of a decline that was becoming "calamitous."

He said that defensive trade measures should be voluntarily negotiated with other Governments including those of the EEC, where possible. But if that failed, he did not rule out unilateral action.

Yesterday's paper from the TUC-Labour Party liaison committee, an important pointer to future discussion of the Labour manifesto, says that a new national planning body may be

SENIOR ministers are maintaining their determination to stick by the Government's economic strategy despite growing political pressure following sharp unemployment increases, writes Richard Evans.

Mrs. Thatcher faced angry protests from Labour MPs when she told the Commons yesterday that workers unable to find jobs near their homes, should be prepared to move to areas where employment was available.

She stressed that unemployment prospects depended in part on wage settlements made

needed.

Mr. Callaghan said it was not yet known what that machinery would look like. The committee is to carry out a separate study. He referred back to the old Department of Economic Affairs and the last Government's ad hoc committees as examples of previous attempts to co-ordinate policy.

After a joint Press conference called to launch the policy statement, members of

in the next pay round, and on the speed with which interest rates could be permitted to fall.

There is no question of a pay norm in the next round, and ministers expect a wide range of settlements based on individual local circumstances.

The responsibility of management to pay only what can be afforded through additional productivity is being stressed.

Ministers also want to help school leavers and other young people without jobs. An announcement may come soon about more cash for current schemes.

Parliament—Page 10

The TUC Economic Committee went to see Mr. John Nott, the Trade Secretary, to demand Government support for import penetration targets which have been drawn up by various sectors of industry.

Textiles, clothing, motor tyres and electronic goods were mentioned. The TUC pointed out that other Governments were not shy of defending their own ailing or strategic industries.

Mr. Nott said later that import barriers would provoke retaliation, and loss of jobs for the sake of others which had ceased to be "competitive."

The Labour leaders' call for defensive measures owes much to the wave of redundancies—over 400,000 were notified in the first five months of the year—and to the high and rising unemployment total, now officially nearly 1.9m.

Flanked by Mr. Ron Hayward, Labour Party general secretary, and Mr. Len Murray, TUC general secretary, Mr. Callaghan said that he deeply regretted the line taken by the world leaders at the recent Venice summit.

"There is an alternative to deflation leading to mass unemployment," he declared. The aim must be to expand trade, and to recognise the needs of the developing countries.

Protection for British industry should not be seen in isolation from other policies for modernising and re-equipping British industry.

The measures were compatible with EEC membership, but a "new look" should be taken at the Community.

Iranians transfer gold from London

By David Marsh and Simon Henderson

IRAN LAST month transferred nearly \$250m-worth of gold from the UK to Tehran, apparently in a further attempt to build up stocks of bullion away from possible Western interference.

The transfer, revealed in British Customs and Excise statistics, takes total Iranian withdrawals of gold from the year to around 30 tonnes, worth more than \$500m.

Iran this year has also brought home stocks of gold from France, West Germany and possibly other Western countries. One reason behind the shift is thought to be that the Iranians are anxious to protect themselves against any further freeze on foreign assets as part of Western action over the U.S. hostages.

It is uncertain whether the latest movements reflect recent purchases on the London gold market. It is common practice for countries' gold reserves to be stored in London, New York and other Western financial centres.

Iran has been identified as one of a number of developing countries which have been adding to their official gold holdings in recent months. Unobtrusive purchases by these countries—some of which have been revealed by recent International Monetary Fund figures on official gold holdings—have been among the factors sustaining the gold price this year.

Other oil producers thought to have acquired gold this year include Libya and Indonesia. Both these countries—along with Nigeria—have moved large amounts of gold from Britain this year, according to the Customs and Excise.

Bankers in London are puzzled why Iran should continue to move its gold back home. They point out that the transfer to Tehran—some of which have been carried out by British Airways—expensive in terms of freight charges as well as security and insurance costs.

Previous shipments were made at a time when economic sanctions might have been broadened to cover London gold deposits. Although the threat of that happening seemed minor.

It has been clear from the time that the U.S. hostages were seized last November, that Britain was very reluctant to become involved in the American freeze on Iran's assets.

More executions in Tehran.

Page 3

Weather

UK TODAY

MAINLY DRY and warm but N. Ireland and parts of Scotland will have rain with bright intervals.

N.E., S.E., E. Cent. England, S.E. Scotland
Dry and sunny. Very warm. Max. 26C (79F).

Wales, S.W., N.W. England, Channel Islands, S.W. Scotland
Mainly dry. Sunny periods. Inland Max. 24C (75F). Coasts 17C (63F).

Cent. E. Scotland, N. Ireland
Rain. Bright periods. Max. 22C (72F).

N. Scotland
Heavy rain. Brighter later. Max. 17C (63F).

Outlook: Sunny intervals. Showers. Thunder in places. Warm.

WORLDWIDE

	Y'day	Today	Y'day	Today
Amsterdam	24 74	25 74	Amsterdam	24 74
Antwerp	24 74	25 74	Antwerp	24 74
Birmingham	24 74	25 74	Birmingham	24 74
Bombay	24 74	25 74	Bombay	24 74
Buenos Aires	24 74	25 74	Buenos Aires	24 74
Calcutta	24 74	25 74	Calcutta	24 74
Cardiff	24 74	25 74	Cardiff	24 74
Cebu	24 74	25 74	Cebu	24 74
Dublin	24 74	25 74	Dublin	24 74
Edinburgh	24 74	25 74	Edinburgh	24 74
Frankfurt	24 74	25 74	Frankfurt	24 74
Glasgow	24 74	25 74	Glasgow	24 74
Hamburg	24 74	25 74	Hamburg	24 74
Harbin	24 74	25 74	Harbin	24 74
Hong Kong	24 74	25 74	Hong Kong	24 74
London	24 74	25 74	London	24 74
Lyons	24 74	25 74	Lyons	24 74
Madrid	24 74	25 74	Madrid	24 74
Manchester	24 74	25 74	Manchester	24 74
Moscow	24 74	25 74	Moscow	24 74
Munich	24 74	25 74	Munich	24 74
New York	24 74	25 74	New York	24 74
Osaka	24 74	25 74	Osaka	24 74
Paris	24 74	25 74	Paris	24 74
Perth	24 74	25 74	Perth	24 74
Rangoon	24 74	25 74	Rangoon	24 74
Reykjavik	24 74	25 74	Reykjavik	24 74
Rome	24 74	25 74	Rome	24 74
Singapore	24 74	25 74	Singapore	24 74
Stockholm	24 74	25 74	Stockholm	24 74
Sydney	24 74	25 74	Sydney	24 74
Taipei	24 74	25 74	Taipei	24 74
Tokyo	24 74	25 74	Tokyo	24 74
Winnipeg	24 74	25 74	Winnipeg	24 74
Zurich	24 74	25 74	Zurich	24 74

THE LEX COLUMN

Davy looks to U.S. orders

Traders gathered expectantly on the Stock Exchange floor around opening time yesterday, but the anticipated dawn raid did not materialise. That, however, did not significantly lower the speculative temperature, and rumours centred—by no means for the first time this year—on Turner and Newall.

The share price eventually settled at 131p, up 14p on the day. That Turner and Newall is finding life extremely tough at the moment, at least in its UK operations, cannot be doubted (though pre-tax profits of the U.S. subsidiary Hunt Chemical, reported yesterday, were only 15 per cent lower for the second quarter). Judging by the institutions' readiness to take cash in recent market raids, and the question mark over the dividend, the group is certainly in a vulnerable position.

Davy Corporation

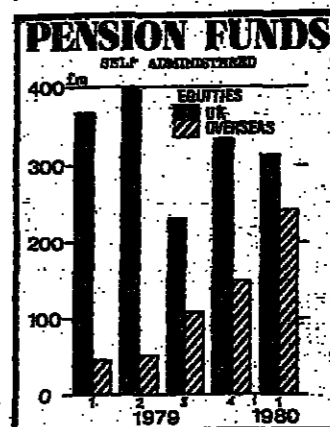
On the other hand, it has managed to increase the ratio of payments on account to stocks and work in progress, and the cash in its balance sheet at March 31 has risen slightly. Interest payable is well up, but this largely relates to the acquisition of McKee—in for a full year for the first time—and is covered by McKee's earnings. So unless the cash figure in the balance sheet is thoroughly unrepresentative, Davy must have received a major boost to profits from interest receivable at the past year's high rates.

In the first half of the year to March, Davy Corporation's profits were badly hit by the engineering strike and by a substantial provision for contract losses at an American subsidiary. These exceptional factors were absent in the second six months, but pre-tax profits for this period have nevertheless declined by over a third, and the full year's figures show a fall from £26.1m to £15.9m.

While the heavy manufacturing businesses at home (Davy Loewy excepted) are still losing money, the major problem is the growing pressure on international contracting margins. In particular, the flow of export-credit financed contracts offering handsome cash flow advantages has dried up, and in general Davy seems to be finding those juicy advance payments harder to come by.

The best news is that McKee seems to be going strongly—certainly the U.S. order book presents a sharp contrast to that of the UK-based business. Davy's

Index rose 1.0 to 487.0



ability to compete for the American energy-related contracts that will mushroom in the next few years is the key to future expansion. In the current year though, there may be only modest recovery, and the shares require a yield of 10.8 per cent (1.4 times covered by current cost earnings) at 93p.

Charterhouse

The stock market is looking at the Charterhouse Group with new eyes. Last November the shares were standing at 59p and the company was capitalised at £58m. Yesterday the capitalisation amounted to £138m, representing a 55 per cent increase after adjusting for the shares issued on the take-over of Keyser Ullmann.

Underlying the re-rating are three factors. The acquisition of Keyser Ullmann's banking assets means that the group must now be taken seriously as a merchant bank. Secondly, after a lengthy gap it has demonstrated that its development capital strategy can once again be effective. Last and probably most important, its healthy involvement in the North Sea has matured.

Next week's flotation of 51 per cent of the company's oil interests packaged as Charterhouse Petroleum should be well received, even though the enthusiasm for secondary oil stocks has ebbed in recent weeks. Unlike previous flotations, the stock offers actual North Sea production as well as hopes and prayers; the minimum tender price of 85 seems to be fully backed by assets. So it would not be surprising to see a premium of 5p or 10p. At the same time the listing of Charterhouse Petroleum may lead to some switching by investors out of a few of the smaller and purely speculative North Sea stocks.

Assuming a 5p premium, the Charterhouse Group should realise £8m net from the flotation, which together with the £11m on 50 from the agreed sale of its insurance broking subsidiary Clavill, Entenhorst will give a big fillip to investment plans. Net debt will fall to little more than a third of shareholders' funds. So the group is planning to push up significantly the £20m originally budgeted for capital spending and new investments. Meanwhile there should be two further flotations over the next 12 months or so.

The impact of exchange control abolition on the investment pattern of the major institutions has been sharp. Official figures for the first quarter show that pension funds invested £248m in overseas equities in that period, nearly 70 per cent of the figure for the whole of 1979. Some 18 per cent of total pension fund inflows went overseas in the first quarter, and although the proportion was much smaller at 7 per cent for the much less equity-oriented insurance funds, an upward trend was also in evidence here. In general, the first quarter institutional investment figures illustrate the search for equity or equity-type assets. Although gilt-edged were as ever freely available, many pension funds had come up against internal limits to their gilt-edged exposure. So pension funds in aggregate invested only the same as their average quarterly gilt-edged purchases in 1979. In contrast, equity purchases (UK and overseas together) were a third higher than for the average 1979 quarter, and the more erratic property figure was up 60 per cent.

An important point to note is that the institutions have been maintaining a fully invested posture. The build-up of liquidity by pension funds in the first quarter represented under 6 per cent of their inflow, and the liquidity of long-term insurance funds actually fell.

As for more recent patterns, one individual group to issue a report for the June quarter is Prudential Pensions, managing over £800m. The recent fixed-interest weighting of 37 per cent is being edged down, and the managers envisage a further shift towards equity-type assets in due course.

Dutch trade union backs jobs before pay rises

By Charles Batchelor in Amsterdam

A BIG Dutch trade union has come out in favour of maintaining jobs, even if its members have to accept a temporary reduction in their incomes. This proposal, by the 310,000-strong Industrial Union of the Netherlands Trade Union Confederation (FNV), could have a far-reaching impact on Dutch labour relations.

The Industrial Union, representing workers in metals, textiles and chemicals, will seek agreements with employers and with the Government aimed at keeping and creating jobs.

The agreements would cover such matters as corporate investment, Government aid to industry, employment levels in a particular company or sector, job conditions, recruitment, training and re-training.

The union's proposals come when unemployment in the Netherlands is worse than at any time since the Second World War. Unemployment rose by nearly 16,500 in June to 221,758, 5.3 per cent of the workforce. Just under half are 24 or younger.

The union has decided that emphasising employment is the only way of achieving its second main priority, maintaining incomes, said Mr. Arie Groeneveld, the union's chairman. Wage claims did not lead to any increase in jobs, he said when he launched the union's medium-term policy document Look Ahead.

The ideas in the plan will now be put to union members for approval at a Congress in December. The Socialist and Catholic unions, which make up the FNV's industrial section, will formally merge.

Several other large unions belonging to the FNV confederation said they were surprised and disappointed at the Industrial Union's plan. Unions representing the food, building, service and transport sectors said they had not been warned of the proposals, which amounted to relinquishing the confederation's triple aim of maintaining incomes, jobs and the level of welfare provisions.

The employers' organisations and the 260,000-member Christian Trade Union Federation (CNV) reacted positively.

Official receivers' jobs at risk in Government bankruptcy plan

BY ANDREW FISHER

THE GOVERNMENT yesterday announced proposals to simplify and cut costs of procedures for personal bankruptcies. These effectively set aside the recommendations of Sir Kenneth Cork's Insolvency Law Review Committee.

By shifting personal bankruptcy work from the official receivers to private receivers, the Government hopes to save £3m a year and shed 570 staff. A Bill to amend insolvency law will be introduced in the 1981-1982 session of Parliament.

Presenting the proposals, Mr. Reginald Eyre, Under-Secretary of State for Trade, said: "The vast majority of cases are very, very run-of-the-mill—penniless small debtors pursued into bankruptcy at considerable public expense."

Under the proposed new system, the number of official receivers would fall from over 30 to less than ten, with their

main responsibility being corporate failures, which will be covered in the Cork Committee's full report next spring.

UK unemployment experts were generally sceptical about the proposals. While Mr. Stanley Clinton Davis, opposition spokesman on company affairs, termed them "misconceived, doctrinaire, and inconsistent with the needs of society," they constituted "an unscrupulous debtors' charter."

He also said they were "a slap in the face for the Cork Committee," which was set up under the last Labour Government early in 1977. Sir Kenneth, a former Lord Mayor of London, declined to comment.

But the committee, whose own interim report was published yesterday, feels that its own reforms are superior to those of the Department of Trade, which employs the official receivers.

The Government's plan was criticised by the Institution of Professional Civil Servants, the trade union which represents most of the staff who will be affected during the three-year

round. It said that the Government's "overwhelming desire to cut Civil Service manpower" had overridden any case for change and its proposals would totally undermine the existing system.

Mr. Eyre said the Government felt the major field for insolvency reform was in the company sector where emphasis was now being shifted. No changes in present procedure for liquidating companies was planned.

The Government said that the Cork Committee's proposals, basically aimed at removing small individual cases from "the rigours of bankruptcy," would require a large technically-trained Government staff.

BL to get further cash injection

BY ELINOR GOODMAN AND KENNETH GOODING

BL WILL receive a further injection of Government cash next week when it will draw part of the £75m remaining from the money allocated for 1980-81.

Suggestions that BL wanted more money at such an early stage caused alarm yesterday among some MPs who fear the group will need to ask the Government to increase the £300m cash injection agreed by Sir Keith Joseph, Industry Secretary, in December.

They were particularly concerned because other State-owned and nationalised organisations are having difficulty keeping within set cash limits. However, BL denied last night that it would need to ask the

Government for extra cash this financial year. It expects its cash flow to improve markedly from August onward. The company said: "We expect to manage on the remaining agreed Government funding and our own cash resources for the duration of this financial year."

There seems little doubt—although BL did not confirm this—that the group will need much more than the further £130m the Government has promised to provide between 1981 and 1983.

In particular, BL wants to push ahead with the LC10 project to produce a range of medium-sized cars to replace the Morris Ital and Allegro. This could absorb up to £300m,

some of which the group would finance itself.

There were indications yesterday, however, that the Government might have to give support towards the LC10 programme as early as next week. It was being suggested that BL will ask the Government to put up financial guarantees so that it can order machine tools for the project.

There has been growing confidence within BL that the LC10 will be approved when it is finally considered in the 1981 corporate plan to be completed in October. By the time the Government considers the plan the new BL small car, the Metro, will have been launched—and UK unemployment may have risen even higher.

Cabinet rift on oil assets sale

BY RAY DAFTER, ENERGY EDITOR

A CABINET rift is developing over plans by the Treasury and the Industry Department to sell some of the British Gas Corporation's £500m-worth of oil assets.

Mr. David Howell, the Energy Secretary, is reported to have written to Sir Keith Joseph, the Industry Secretary, opposing the sale of British Gas's important Wytch Farm oilfield in Dorset.

But Mr. Howell has apparently made clear that he would have no objections to private

capital being introduced into the corporation's wholly-owned subsidiaries, Hydrocarbons GB, which is developing the Morecambe gasfield in the Irish Sea, and Gas Council Exploration.

The Energy Department refused last night to comment on the unofficial reports of the rift. However, it is known that Mr. Howell has been having discussions with the British Gas Corporation either for introducing private capital into the corporation or for selling some of its oil assets, which include interests in

Wytch Farm and four North Sea fields, Beryl, Fulmar, Norwest Hutton, and Montrose.

British Gas and British Petroleum have equal interests in Wytch Farm, which has 90m barrels of recoverable reserves comparable to some of the smaller North Sea fields.

Sir Denis Rooke, chairman of the corporation, who announced a record pre-tax profit of £426m this week, said that any change in the structure of British Gas could only put its "first-class" success prospects in jeopardy.

been prevented from receiving any dividends at all by the blocked funds regulations. The Minister said the release of funds blocked during the period of UDI and sanctions would have to be phased, but gave no details saying these were still under consideration by the Reserve Bank.

But current interest earned on blocked funds invested in Zimbabwe will be freely remittable to UK, U.S. and Canadian residents immediately.

Senator Nkala also announced that Zimbabwean companies which raised overdrafts in the UK or loans in the UK before UDI in 1965 will be allowed to repay these.

SALISBURY GOVERNMENT'S FIRST BUDGET

Zimbabwe reassures foreign investors

BY TONY HAWKINS IN SALISBURY

ZIMBABWE presented its first peace-time budget yesterday, announcing increases in Government spending but a 19 per cent cut in defence expenditure.

Senator Enos Nkala, the Finance Minister, cast aside his public image as a "wild man of the Left" and went out of his way to reassure foreign and domestic investors. He described the socialism of Prime Minister Robert Mugabe's Government as "pragmatic and mild."

The budget estimates showed spending would go up 16.4 per cent in the fiscal year to mid-1981 to £21.4bn (£938m). Senator Nkala, in a new

departure for his party, the ZANU-PF, emphasised a warning that free health and education had to be paid for by taxpayers.

But there are no overtly anti-capitalist changes in his budget. On the fiscal side, he has, as predicted, budgeted for a large deficit of £345.4m, which he says will have to be funded by both local and foreign borrowings.

The income tax structure is left unchanged though the 10 per cent tax surcharge announced previously, which applies to both companies and individuals, will be maintained both in the 1981 and the 1982 tax years. But the top tax rate and the corporate tax rate

remain at 49.5 per cent.

Senator Nkala also introduced a minor concession to encourage foreign-owned companies to become locally registered, by allowing the tax liability incurred by the transfer of assets to be spread over

The Minister announced two major changes in respect of remittability of profits and dividends. Remittances of dividends to non-resident shareholders will now be limited to 50 per cent of after-tax profits. For branch profits of wholly-owned or majority-owned subsidiaries, the same will apply.

Mr. Nkala said this would apply to UK, U.S. and Canadian residents who have hitherto

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